Picking off the partners

Can Boeing drive a wedge into Airbus?

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Women on Wall Street

Why they still don't get the top jobs

Page 6

Change beckons for Swiss banks

The fate of Volksbank is only the tip of the iceberg

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FT NEWSPAPER of THE YEAR

FINANCIAL TIMES

Europe's Business Newspaper

WEDNESDAY JANUARY 6 1993

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Somali factions fail to reach deal in Addis Ababa

Somali peace talks chaired by the UN ended in deadlock last night after 15 factions failed to reach agreement on ending clan warfare. Boutros Boutros Ghali, UN secretary-general, was bitterly attacked by some Somali leaders. Mr Boutros Ghali played down the failure of talks held in Addis Ababa, the Ethiopian capital, saying: "What we have achieved is not enough but it is a positive step." Page 4; Picture, Page 10

Clinton in talks on petrol tax: Bill Clinton is to meet motor industry executives and union leaders in a move bound to raise speculation that the US president-elect may reverse his opposition to higher petrol taxes. Page 10

Acquisitions in Japan double: US and European acquisitions of Japanese companies more than doubled last year as manufacturers aimed to boost market penetration and Japanese enterprises sought foreign assistance. Page 11

Russian productivity falls 24%: Russian productivity fell dramatically and increasingly quickly over 1992, dropping by 24 per cent. Production plunged in nearly every sector though relatively few workers were laid off. Page 2

United Biscuits, UK snacks group, is moving into the US own-label cookie market through the acquisition of Bake-Line, a private company. UB is paying $70m and taking on $5m of debt. Page 11

Bush backs selective force:

US president George Bush, in a farewell address to cadets at West Point, proclaimed his belief in "the selective use of military force" in order to maintain the new world order. He insisted, however, that it would be a "waste of resources" for the US to assume the role of global policeman. Other nations must contribute militarily and economically whenever "their interests are at stake," he said. Page 10

Milosevic confronted: Cyrus Vance and Lord Owen, international mediators on former Yugoslavia, will tell Serbian president Slobodan Milosevic in Belgrade today that Bosnian Serbs must drop demands for a "state-within-a-state". Page 3

Pennzoil, Houston-based oil company, is using part of its stake in rival group Chevron to help raise $350m by selling bonds in the US and London-based euromarkets that are convertible into 3.6m Chevron shares. Page 11

Leading Republican quits: The battle for control of the US Republican party spread to Congress, with the resignation of moderate congressman Steve Gunderson of Wisconsin. Page 3

Evode bid battle widens: Laporte, UK independent chemicals group, emerged as a potential white knight in the battle for chemicals and plastics group Evode. Page 11; Lex, Page 10

Kiev renounces debt deal: Ukraine is refusing to share debt repayments with Russia, marking a sharp deterioration in relations between the two former Soviet states. Page 2

Moi to meet opposition: Kenyan president Daniel arap Moi is to meet the three main opposition leaders in an attempt to defuse post-election tension. Page 4

UK minister in Argentina: UK foreign secretary Douglas Hurd arrives in Buenos Aires today, the first British cabinet minister to visit Argentina since the 1982 Falkland conflict. Britain insists that the islands are not up for negotiation. Page 3

Santos, Australian energy group, acquired most of the upstream oil and gas assets of Australian Gas Light for A$177.5m (US$127m) in a move that saw its shares close 12 cents higher on the day. Page 13

Tourists attacked in Egypt: Gunmen shot at Japanese tourists near Dayrut in central Egypt. Nobody was hurt, but recent attacks by Moslem militants threaten to wreck the tourist industry, which is vital to the national economy.

Ford launches Mondeo: Ford, US carmaker, will today unveil the Mondeo, a large family vehicle designed to be its first "world car". The Mondeo, which will be produced in Europe and North America, cost $6bn to develop. Page 10

STOCK MARKET INDICES

FT-SE 100:	2,833.6	(-27.9)
Yield	4.29	
FT-SE Eurotrack 100	1,090.07	(+6.65)
FT-A All-Share	1,364.85	(-0.6%)
Nikkei	16,842.58	(-151.5)
New York: lunchtime		
Dow Jones Ind Ave	3,311.65	(+2.43)
S&P Composite	434.17	(-1.21)

US LUNCHTIME RATES

Federal Funds:	$3\frac{5}{16}$%
3-mo Treas Bills: Yld	3.178%
Long Bond	$103\frac{13}{32}$
Yield	7.336%

LONDON MONEY

3-mo Interbank	$7\frac{1}{16}$%	($7\frac{1}{8}$%)
Liffe long gilt future:	Mar $100\frac{25}{32}$	(Mar $101\frac{3}{16}$)

NORTH SEA OIL (Argus)

Brent 15-day (Feb)	$17.75	(17.975)

Gold

New York Comex (Jan)	$328.7	(328.1)
London	$329.15	(same)

STERLING

New York lunchtime:		
$	1.5615	
London:		
$	1.5455	(1.5025)
DM	2.51	(2.4575)
FFr	8.57	(8.4025)
SFr	2.27	(2.2225)
Y	193.25	(188.25)
£ Index	81.2	(79.7)

DOLLAR

New York lunchtime:		
DM	1.623	
FFr	5.5415	
SFr	1.469	
Y	124.7	
London:		
DM	1.625	(1.6365)
FFr	5.545	(5.5925)
SFr	1.469	(1.4795)
Y	125.65	(125.3)
$ Index	66.7	(67)

Tokyo close Y 125.25

Austria	Sch30	Greece	Dr300	Lux	LFr60	Qatar	QR12.00
Bahrain	Din1.250	Hungary	Ft182	Malta	Lm0.60	S.Arabia	SR11
Belgium	BFr60	Iceland	IKr180	Morocco	MDh13	Singapore	S$4.10
Bulgaria	Lw25.00	India	Rs40	Neth	Fl 3.75	Spain	Pta200
Cyprus	C£1.00	Indonesia	Rp3800	Nigeria	Naira20	Sweden	SKr15
Czech	Kcs35	Israel	Shk5.50	Norway	NKr16.00	Switz	SFr3.20
Denmark	DKr15	Italy	L2700	Oman	OR1.50	Syria	S£50.00
Egypt	E£4.50	Jordan	JD1.50	Pakistan	Rs35	Thailand	Bht50
Finland	FM12	Korea	Won 2500	Philippines	Pso45	Tunisia	Din1.250
France	FFr8.50	Kuwait	Fils.600	Poland	Zl 22,000	Turkey	L6000
Germany	DM3.30	Lebanon	US$1.25	Portugal	Es215	UAE	Dh11.00

Germany joins France to support embattled franc

By William Dawkins in Paris and James Blitz in London

POLITICAL support for the embattled French franc strengthened yesterday when the French and German governments and central banks issued a joint statement repeating their determination to support the parity between their two currencies.

Their communiqué went further than the previous joint announcement by the Bundesbank and the Bank of France, during the last heavy attack on the franc in September, saying they would "pursue their close co-operation in order to ensure the proper function of the European exchange rate mechanism".

The French central bank increased one of its two official lending rates to try to drive up the cost of speculating against the franc while not increasing the cost of business borrowing.

The franc finished yesterday at FFr3.4140, half a centime up on its Monday night close and more than a centime above its ERM floor against the D-Mark. Neither the Bank of France nor the Bundesbank openly intervened in the market.

Sterling enjoyed a remarkable rally against the D-Mark yesterday, rising by more than 5 pfennigs as investors became increasingly concerned by turbulence affecting the French franc. The pound closed at DM2.51, up 5¼ pfennigs.

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Mr Jacques de Larosière, governor of the Bank of France, said last night on French television: "Today we had no currency outflow at all. The market has understood the determination of the authorities." Devaluation was "completely excluded", he added.

In Dublin, meanwhile, Mr Bertie Ahern, the Irish finance minister, last night gave his strongest hint yet that the defence of the punt might be abandoned if there was no overall realignment of the ERM in the coming weeks.

"I said I was prepared to hold the line until the end of the year. That has now passed. If the system does not correct itself... the pressures on industry are something that cannot be lived with indefinitely," he said.

Pressure on the punt eased in the Republic of Ireland earlier yesterday after high money-market rates deterred speculation.

Several analysts took the statement from the French and German governments as a sign the Bundesbank might consider a drop in interest rates in the next few months if needed to restore order to the ERM. In their last joint statement, the two central banks said only that they would work within ERM rules.

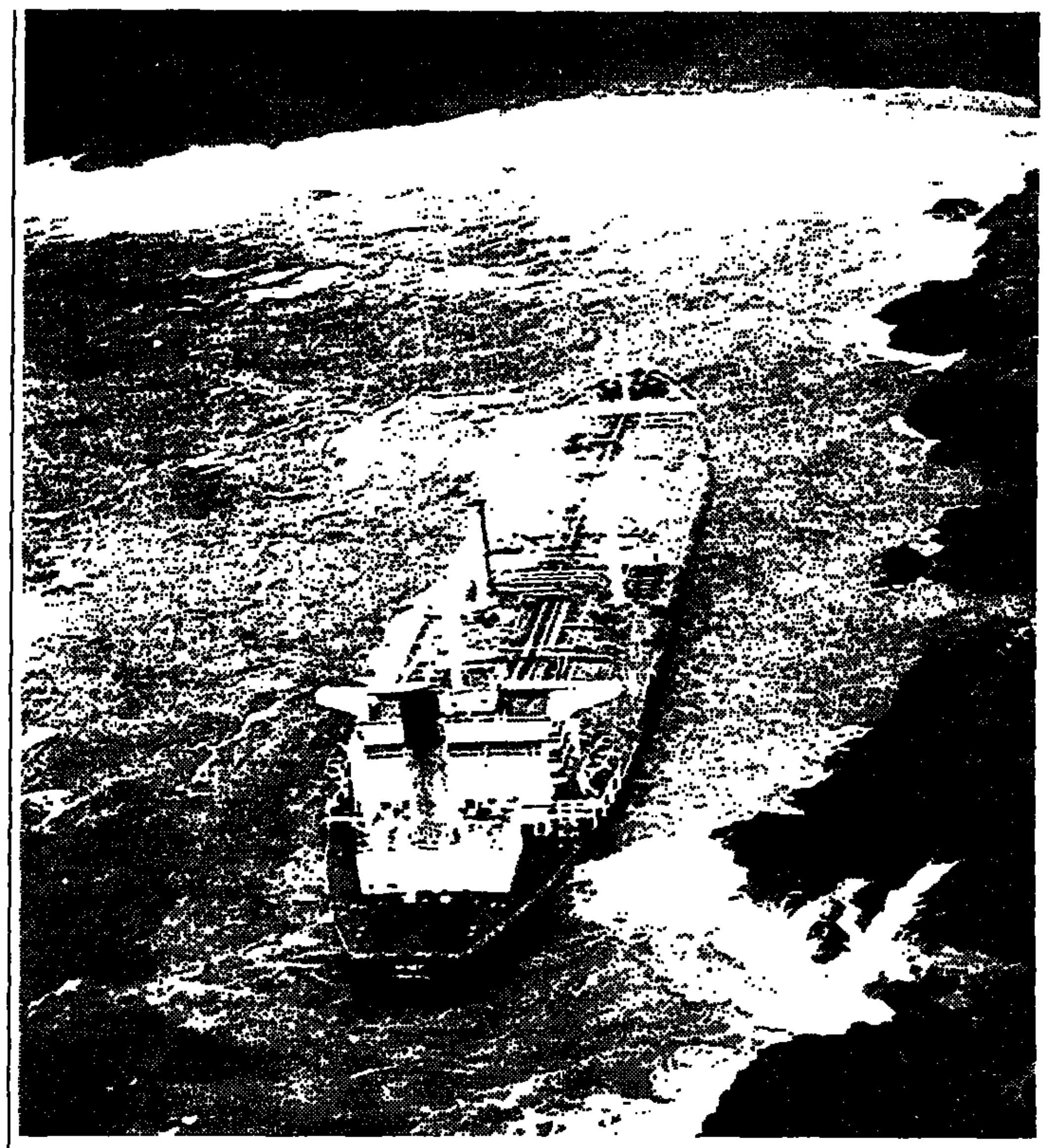
In yesterday's announcement, they reiterated "that the actual central rate of the two currencies is fully justified on the basis of their economic fundamentals". But the declaration was read in Germany as simply an affirmation that verbal and market support would continue.

Separately, Mr Michel Sapin, the French finance minister, backed early independence for the Bank of France, hardening the consensus with the rightwing opposition for an autonomous central bank.

The opposition, expected to win the parliamentary election at the end of March, intends to introduce plans shortly to grant independence to the bank, a move likely to bolster the credibility of the policy of defending the link with the D-Mark.

The Franco-German declaration was accompanied by a 2 percentage point rise in the interest rate at which the Bank of France lends short-term cash to commercial banks.

The central bank temporarily suspended its 5-10 day repurchase rate, which was at 10 per cent and replaced it with a 24-hour lending facility, at 12 per cent. This provoked a rise in money market rates, at which commercial banks lend to each other.



The tanker Braer aground off the Shetland Islands after engine failure left it drifting in heavy seas

Grounded tanker threatens environmental catastrophe

By James Buxton in Sumburgh

FEROCIOUS seas which yesterday drove a fully laden oil tanker ashore in the Shetland Islands to the north of Scotland were last night preventing attempts to deal with the pollution which threatens to create an environmental disaster.

The Liberian-registered Braer, carrying 84,000 tonnes of light Norwegian crude, was last night hard aground, losing buoyancy and leaking oil at Garths Ness, a rocky bay close to Sumburgh Head at the southern end of the Shetland Islands.

Yesterday afternoon the superstructure of the Braer was visible

Environmental impact	
Call for restrictions	Page 5

from cliffs above Garths Ness as waves battered its hull. Much of the water in nearby Quenland Bay was brown with oil leaking from the ship and the air was full of fumes.

Police were ordering people away from the scene of the disaster because of the risk of fire and explosion.

Shetland Island officials, assisted by marine pollution specialists from Britain's Department of Transport, were devising a plan to contain the oil spilling from the ship. But they said it was impossible to do anything in the mountainous seas and storm force winds.

"The technology that's available is not going to do any good at all in current weather conditions," said Mr George Sutherland, the director of maritime operations for Shetland Islands council. The disaster, he said, was "the worst scenario that we ever expected in terms of ship size and weather conditions".

Shetland Islands Council has been acutely aware of the dangers of pollution from an oil tanker disaster ever since the Sullom Voe oil and gas terminal

Continued on Page 10

Corrigan to quit as president of New York Fed

By Martin Dickson in New York

MR Gerald Corrigan, president of the Federal Reserve Bank of New York, announced yesterday that he would resign the post in August and seek a job in the private sector.

Mr Corrigan told a news conference in New York that his decision to resign "importantly reflects my belief that the economy and the financial system are clearly on the mend".

The news surprised the US banking industry, which had regarded the 51-year-old Mr Corrigan as a potential successor to Mr Alan Greenspan, chairman of the Federal Reserve.

Mr Corrigan said there was no "hidden story" behind his decision to resign. "There are no problems, I am in excellent health...there are no policy disputes".

The New York Fed supervises the New York banking system and is the Federal Reserve Board's main point of contact with the US financial markets. Mr Corrigan, a heavily built man with a distinctive gravelly voice and a blunt manner, has been its president since 1985, becoming the leading US spokesman on banking supervision issues.

He is also an important figure in international banking, having been appointed last year as chairman of the Committee on Banking Supervision, which is based at the Bank for International Settlements in Basle.

Mr Corrigan said yesterday he would take a long vacation this summer and then find a position in the private sector. Later, he said, he would do some "serious writing" on economic and financial issues.

Referring to his job overseeing New York financial institutions, he said "broadly speaking [the financial system] is regaining some much needed muscle tone ... I look forward to a stronger banking system".

Over the past year, Mr Corrigan has played a key role in the Russian-American Bankers Forum, which has been trying to create a modern banking and financial system in Russia.

Corrigan: no hidden story

A protégé of Mr Paul Volcker, the former Federal Reserve chairman, he joined the Fed in 1968 as an economist.

Mr Robin Leigh-Pemberton, governor of the Bank of England, said last night: "Gerry Corrigan has been a close and valued colleague and is one of the world's leading experts not only in monetary policy but also in international supervision. His departure will be a great loss to the central banking community".

Mr Corrigan had a particularly close relationship with the Bank of England, which shared most of his concerns in respect of banking supervision.

● Mr Corrigan said the outlook for the US budget deficit between now and 1997 had deteriorated and could get even worse Reuters reports. He said the deficit would be "stubbornly stuck" at 4 per cent of gross domestic product, or perhaps more – "and those are big numbers".

Boeing in talks with two Airbus partners

By Paul Betts, Aerospace Correspondent

BOEING, the world's biggest manufacturer of commercial jets, is negotiating with Deutsche Aerospace and British Aerospace over joint development of a 550 to 800 seat super jumbo aircraft which could enter service early in the next century.

The move poses a significant threat to the European Airbus consortium, Boeing's principal rival, which is also studying the development of a large capacity airliner.

Deutsche Aerospace, part of Daimler-Benz, and BAe are partners in Airbus with 37.9 per cent and 20 per cent shares respectively in the consortium.

If successful, the discussions with Boeing could lead to a sweeping realignment in the commercial aerospace industry and undermine the cohesion of the 20-year-old Airbus consortium.

Mr John Hayhurst, vice-president of large aircraft development at Boeing, yesterday said the company expected to sign an agreement soon with Deutsche Aerospace to launch a joint feasibility study for a new generation super jumbo.

BAe said it would be "a willing partner" to enter a broad dialogue with Boeing and other manufacturers on the feasibility of a super jumbo, which would be expected to involve more than $10bn (£6.6bn) in research and development costs.

Mr Hayhurst said Boeing has also had discussions on the project with several other companies including the three big Japanese manufacturers, Mitsubishi Heavy Industries, Fuji Heavy Industries and Kawasaki Heavy Industries.

The three Japanese companies

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LONDON · PARIS · FRANKFURT · NEW YORK · TOKYO

Independent central bank becomes a pre-election rallying cry for defenders of the franc

Liberty beckons for the Bank of France

By William Dawkins in Paris

THE French political consensus for an independent central bank hardened yesterday, when Mr Michel Sapin, the finance minister, said such a move would be desirable soon after the end-of-March parliamentary elections.

This confirms that the government sees eye-to-eye with the opposition, which last month signalled that it would present plans to grant independence to the Bank of France after the election, which is likely to be won by an alliance of the opposition Gaullist RPR and the centre-right UDF.

"On this point, the opposition is on the same line as us," Mr Sapin said on radio. "I would say that the French, by voting for the Maastricht treaty last September, voted for the modification of the Bank of France's statutes," he said. This would not, however take place before the elections. It is unclear exactly how much autonomy the French central bank would be allowed, given that former treasury officials continue to dominate the top financial jobs both in the private and public sector.

Yet any reduction in political influence over the French central bank would add credibility to the policy of defending the link between the franc and the D-Mark, supported by the leaders of the Socialist and right-wing establishment alike.

This could also help to bring about closer co-operation between the Bank of France and the Bundesbank, which is fiercely independent of any government, whether German or French.

Less political influence on the central bank could reduce the impact on foreign exchange markets of a vocal minority of mainly opposition politicians calling for the franc to be floated. Rebel Gaullists such as Mr Philippe Séguin argue that this would allow a fall in interest rates, stimulate the sluggish economy and so help reduce the number of unemployed – currently nearly 3m – and the main political problem for the present and future governments.

Mr Edmond Alphandéry, a centrist member of parliament tipped as a possible finance minister in the new government, said yesterday that those who wanted to float the franc were "against the construction of Europe" and warned that a drop in interest rates was neither necessary nor sufficient to bring an economic recovery.

Mr Dominique Strauss-Kahn, the industry and trade minister, added: "Let us ensure real independence for the Banque de France in March." The battle against the franc would "end in ruin" for speculators, he said.

Finance minister Michel Sapin: no action before parliamentary elections next March

Emu holds key to freedom for central banks

By Robert Peston, Banking Editor

MOVES by EC states towards giving independence over monetary policy and the setting of interest rates to their respective central banks are to a large extent governed by their enthusiasm for economic and monetary union (Emu).

Under the Maastricht treaty, stage two on the road to a single European currency requires EC members to give monetary independence to their central banks, prior to the establishment of an autonomous European Central Bank at stage three.

Prior to the cross-party commitment in France to give monetary autonomy to the Bank of France, Spain was the latest country to make a commitment to give its central bank independence.

At the moment, interest rates are fixed by the Bank of Spain on receipt of instructions from the Finance Ministry. However, the Spanish cabinet last week approved a draft statute transferring control of monetary policy to the Bank of Spain.

The Spanish government proposal uses the German Bundesbank as a model. Within the EC, only the Bundesbank has its complete independence enshrined in law.

Even in the Netherlands, whose central bank is widely regarded as independent, the Ministry of Finance can issue guidance on interest rates to the central bank.

Another country which has recently taken steps to increase the power of its central bank is Italy. A year ago the Italian government took the decision to give the central bank powers to set its discount rate, which is the rate charged by the central bank in its dealings with commercial banks and serves as a benchmark of other rates.

Meanwhile, Portugal in 1990 gave its central bank the right to collaborate in the setting of monetary policy. Till then, the central bank had been completely submissive to the government's wishes.

In a number of countries, the elected governments have little power to set interest rates in practice, even if in theory the power rests with them. These are the countries whose currencies shadow the D-Mark very closely within the Exchange Rate Mechanism (ERM).

Thus in the Netherlands, Belgium and Denmark, interest rates are in effect determined by the Bundesbank, even though in both Belgium and Denmark monetary powers rest explicitly with their respective finance ministries.

The one EC country which is now out of step, following France's move, is the UK.

The 1946 Bank of England Act gives the UK Treasury the power to issue interest rate directives to the bank. Though the Treasury has never issued a formal directive, the government nonetheless sets UK interest rates, though it consults the bank.

The Bank of England has traditionally exercised more or less influence over UK monetary policy depending on the respective personalities of the bank governor and the chancellor of the exchequer and the relationship between the two.

Mr Robin Leigh-Pemberton, the current governor due to retire in June, has lobbied vigorously, but in vain, for bank independence.

The Bank of England has, however, recently won a new power to criticise the government if it believes it is not taking effective measures to combat inflation.

Any move to give the Bank of England full independent monetary powers will probably be deferred till after parliament has voted to ratify the Maastricht treaty.

France changes tack in franc defence

Central bank has aimed new weapon at speculators, writes **Alice Rawsthorn** in Paris

FOR THE past two months the Bank of France has spent heavily to protect the French franc against attacks by market speculators.

Yesterday it changed tactics. The bank suspended its 10 per cent 5-10 day rate – the one used by investors hedging against potential losses on their short-term sales of the French currency. The bank replaced it with a one-day lending facility at 12 per cent. These measures should – or so the bank hopes – make it more difficult and expensive to speculate against the franc.

However, the bank's new strategy has wider implications. It could force the commercial banks to raise their base rates to offset the indirect increase in their borrowing costs, thereby intensifying the pressure on the rest of the French economy.

"These changes will undoubtedly make the Paris market less liquid and should have some effect in easing the pressure on the franc," said Mr Christopher Potts, chief economist at Banque Indosuez. "But this is really just another stage in the battle to support the franc."

Whether these measures, which would almost certainly have been implemented after consultation with the government, will trigger an increase in base rates depends on how money market rates respond. French market rates have been rising steadily for the past month. The overnight rate moved from 10 per cent in early December to 12 per cent at the start of this week. Yesterday, it jumped as high as 15 per cent.

This has made it more expensive for the commercial banks to borrow money and has already prompted them to raise base rates – to 10 per cent – in mid-December.

During the autumn currency crisis the banks succumbed to government pressure to hold base rates, even though overnight rates reached 20 per cent, contributing to a FFr400m (£48.6m) increase in bank borrowing costs at the time. But the French banks are already in difficulty, because of the competitive state of the banking market and problems in the property sector where prices have fallen in the past two years. They may not be able, or willing, to swallow another rise in costs.

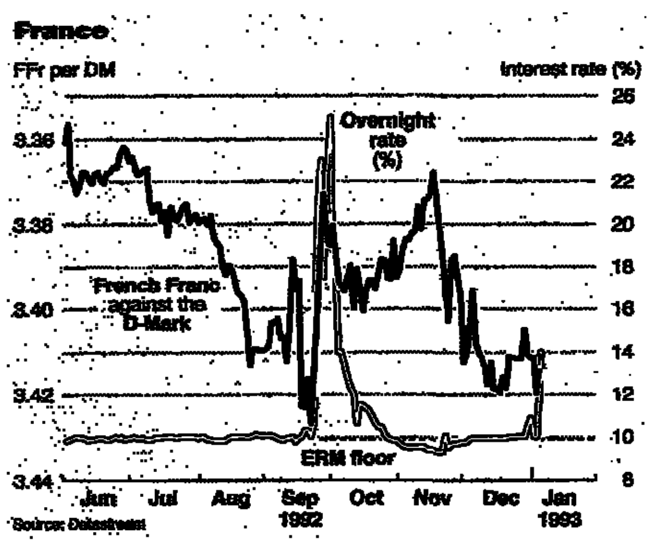
"The commercial banks could cope with higher money market rates for a short period, but not for very long," said Mr Jean-François Mercier, French economist at Salomon Brothers. "If the cost of bank borrowing stays at this level, base rates will rise."

High interest rates are already a drag on the French economy. The high cost of credit has prompted companies to cut down on investment, thereby depressing demand in the industrial sector. This has in turn contributed to the continuing increase in unemployment, now running at an annualised rate of over 10 per cent. Fears of joblessness have also taken a toll on consumer confidence and, hence, on spending.

Another increase in base rates could aggravate these problems. The first casualties would be France's smaller companies, which borrow directly from commercial banks. Bigger businesses would be less badly affected, because their debt is more broadly spread. However, another interest rate rise would undoubtedly affect corporate confidence and set back the government's hopes of a recovery in industrial investment. Such a scenario would further lock the economy into its vicious cycle.

There are already rumblings of discontent from industry. A Louis Harris poll published yesterday found that two thirds of industrialists prefer lower interest rates to a continuation of the *franc fort* policy of protecting the franc.

The French government has consistently ruled out the possibility of reducing official interest rates until German rates come down. Moreover, as yesterday's rate changes show, neither the government nor the central bank shows any sign of wavering in their support for the franc.



Pressure on the punt eased in Ireland yesterday, after Monday's high money-market rates deterred speculation against the currency, writes Tim Coone in Dublin. The one-month Dublin interbank lending rate Dibor fell to 19 per cent, having peaked at 43 per cent on Monday. Trading remained thin. The punt remained slightly above its floor levels against the Belgian franc and D-Mark.

Dealers said the market remains short of cash especially in one-month funds, mostly used by non-residents for speculative purposes. "Interest rate protection of the punt has become an effective replacement of exchange controls," one added.

The central bank, in threatening to raise short-term interest rates from their present overnight level of 14 per cent, has forced the banks to show caution in lending large sums to non-residents.

Further turmoil is expected at the end of the week, if tomorrow's Bundesbank meeting fails to cut German interest rates. Consensus is growing in Dublin that commercial interest rates will be forced up again in the next two weeks, if wholesale rates continue at their current volatile levels; such a move would increase political pressure for a punt realignment.

Currency dealers happy to bide their time

By James Blitz, Economics Staff

FRANCE'S DECISION to raise its short-term interest rates yesterday provided some relief for the French franc, which moved away from its floor of 3.4305 to the D-Mark in the European exchange rate mechanism (ERM).

But foreign exchange dealers believed the Bank of France had only postponed another speculative attack. "We are still prepared to test the currency's strength over the next few weeks," said Mr David Cocker, chief economist at Chemical Bank in London.

Some analysts continue to believe the franc can avoid a devaluation against the D-Mark, an event that would effectively mean the end of the ERM.

Mr Brian Hilliard, chief economist at Société Générale Strauss Turnbull, believes the franc is underpinned by the fundamental strength of the economy, with French inflation now lower than Germany's.

He also noted that France's 5-10 days lending rate had been raised to 13 per cent in the September crisis, higher than yesterday's overnight rate of 12 per cent. "There is still plenty of ammunition in the Bank of France's locker," he said.

However, yesterday's rate rise failed to impress the senior currency dealer at a large investment fund based in London. He said that he had already sold in excess of FFr1bn into the market in the past week, and that he had no French franc currency holdings left.

The fund manager said that France could not sustain high money market rates for long because it would exacerbate the country's economic difficulties in the run-up to parliamentary elections in March.

"The longer France keeps rates at these high levels, the more certain it is the franc will be pushed out of the ERM," he said.

Dealers continue to think the franc's future will be determined by decisions made inside the Bundesbank rather than the Bank of France.

Germany plods on to interest rate cuts

By Christopher Parkes in Frankfurt

THE Bundesbank will soon be turning into the home straight and on the way to the finishing line and the long-awaited prize of interest rate cuts. But the track is uneven and littered with hurdles, and Germany's central bank can be relied on to complete the course at its customary cautious pace rather than dash for home.

The run-in, according to most German economists, will take up to three months. It is now more a matter of "when" than "if", says UBS Phillips & Drew, which expects rate reductions at the end of March at the earliest.

The bank's verbal intervention in support of the French franc yesterday, in a joint declaration of solidarity with the Bank of France and the German and French governments, successfully drove off the speculators.

There were some who found within its nine lines hints that the Bundesbank was prepared to go as far as cutting rates to help protect the franc. But according to Frankfurt stock exchange traders they were mostly foreigners, chasing "phantoms" and pushing the DAX index up 25 points to 1,556.42 as they went.

The declaration was read in Germany as nothing more than an affirmation that verbal and market support would continue.

Mr Norbert Walter, chief economist at Deutsche Bank, said it was now up to the Bundesbank to reduce rates, a move which would also help the domestic economy. But the bank was in a dilemma: it could make cuts with a clear conscience only when the government made a credible effort to reduce Germany's steadily rising budget deficit, he said.

Interest rate policy will not be eased until Chancellor Helmut Kohl delivers his solidarity package of pledges from government, opposition, employers and unions on pay and public spending restraints. Talks are currently deadlocked over Mr Kohl's insistence that social and welfare budgets must be squeezed.

Other substantial obstacles include inflation, stuck at almost 4 per cent.

While the Bundesbank wants to see the rate of price increases heading down towards 2 per cent, it is expected to surge this month to above 4 per cent.

Rate-watchers believe the impending bout of pay negotiations with the public service unions will provide a key indicator.

If negotiators can deliver a quick and modest settlement, the more hopes will rise for the solidarity pact, for lower inflation and, in turn, monetary easing from the Bundesbank.

Rapid money supply growth, another source of inflation according to the Bundesbank, also stands in the way of rapid action on rates. But here observers see some grounds for optimism. While recent rates of expansion in the key M3 measure have been around 9 per cent and wildly out of line with Bundesbank targets, economists calculate that growth rates could fall sharply this month, even down to the 6.5 per cent upper target range set for this year.

They argue that the economy is now slowing so dramatically that demand for credit will collapse. In that case, and if the other hurdles are overcome, the way will be clear for timely rate cuts. Timely not for France or other EC neighbours, but for the German economy itself, which in March is expected to complete its fourth consecutive quarter of negative growth.

Moscow acts to curb price rises amid more grim economic data

Russian productivity falls 24%

By John Lloyd in Moscow

RUSSIA'S productivity showed a dramatic and accelerating decline over 1992 in line with a sharp fall in industrial output.

Productivity fell by 24 per cent over the year, according to figures released yesterday by the independent Russian research centre Macroecon-Link. This compares with a productivity drop of 8 per cent in 1991.

The fall in Russia's already low productivity rate is directly attributable to the plunge in production in nearly every sector over 1992 – while relatively few workers have been laid off.

Macroecon-Link estimates that in all main spheres of industrial and energy production, except for gas and electricity, the decline in production has been on average 15-20 per cent in 1992 compared with 1991, and around 25 per cent compared with 1990.

The Russian government also moved yesterday to curb price rises on basic goods. The state price committee said company profits would be *restricted to between 10 and 25* per cent of sales value. Profits are currently restricted to 25 per cent. Tass, the Russian news agency, said the decision expands controls to include non-monopoly producers.

The decree affects companies producing bread, milk, meat and other foodstuffs, but it did not mean the country was abandoning its move to a market economy, Mr Vladimir Safonov, deputy head of the price committee, said yesterday. The industrial output figures mean it is unlikely Mr Victor Chernomyrdin, the new Russian prime minister, will be able to fulfil the pledge he *made on taking office in mid-*December to raise output in Russian industry at all costs. Mr Chernomyrdin is surrounded by ministers and advisers who oppose his plans, and the depth of the falls in output and productivity would make such an attempt very costly.

In some sectors – as in fabrics and shoes – the decline in output over the two years from 1990 to 1992 was between a third and a half. "Production fell most in branches which are directly dependent on imports of raw materials and component parts (non-ferrous metals, electronics, light industry, *chemicals and petrochemi*cals), and in the food industry due to the absence of effective demand and strict limits on the use of raw materials," Macroecon-Link says.

The figures underline the deepening economic crisis confronting Mr Chernomyrdin's new cabinet. Senior staff appointments confirm that the reforming team of ministers put in place by Mr Yegor Gaidar, the former prime minister, is largely retained.

Mr Boris Feodorov, the new deputy premier for the economy and finance, is seen as a potentially powerful figure in the control of credit and money supply – areas where the Gaidar government compromised and allowed inflation to rise to near hyper-inflationary levels.

In the last quarter of 1992, however, Mr Gaidar was able to bring credit and budgetary spending under greater control – taking inflation down from 33 per cent a month in November to 25 per cent in December.

Mr Feodorov is expected not just to maintain the reform course, but to sharpen it in the *first quarter of this year.*

Shortage of cash and soaring prices are causing problems for Russia's new private farmers, Itar-Tass news agency said yesterday, Reuter reports from Moscow.

Tass quoted Mr Vladimir Bashmachnikov, president of the Association of Russian Farmers, as saying that the government's failure to finalise laws on land ownership and mortgage payments was also slowing the development of new farms. "The resources already allocated by the state to support individual farmers are clearly insufficient," Tass said. The agency said that there were currently 173,000 private farmers in Russia, cultivating 7.3m hectares of land.

The division of Russia's big collective farms into smaller units, or their transformation into joint stock companies, is a key element in the reform of agriculture.

Ukraine renounces debt deal

By John Lloyd

RELATIONS between Russia and Ukraine sharply deteriorated yesterday, as the Ukrainians announced they would not continue with a deal concluded with Russia in November on sharing debt repayments. Mr Leonid Kravchuk, the Ukrainian president, also said he would not sign the charter of the Commonwealth of Independent States, of which Russia is the keystone.

Mr Ihor Yukhnovsky, the first deputy prime minister of Ukraine, said in Kiev that Ukraine would assume all of its own obligations to repay its debts and "must receive its share of (former Soviet) assets".

The declaration ends a provisional agreement between Russia and Ukraine for Russia to take over Ukraine's share of the former Soviet debt – set at 16.37 per cent of an estimated debt of $80bn (£52.6bn).

Ukraine's move will alarm foreign governments and banks, struggling to secure ex-*Soviet debt repayments.*

Belgium may act to cut budget deficit in line with Maastricht

By Andrew Hill in Brussels

BELGIUM may have to introduce new emergency measures next month to bring its large budget deficit back in line with criteria for monetary union in the Maastricht treaty.

The government yesterday announced, as expected, that it had overshot its original target for the 1992 deficit by nearly BFr30bn (£608m). The deficit increased from BFr367.6bn to BFr382.5bn, compared with a forecast of BFr354.8bn, after economic conditions deteriorated.

Government officials said yesterday that once Belgium's regional and community authorities had submitted their figures for 1992, the overall deficit for last year could reach 6.8 or 6.9 per cent of gross national product (GNP).

Those figures, inflated by statistical adjustments, are higher than forecast and well out of line with the Maastricht target – a deficit of 3 per cent of GNP by 1996.

The officials added that it was likely the government's 1993 target (a deficit of 5.2 per cent of GNP) might have to be increased.

Belgium's fragile centre-left coalition has narrowly survived political and economic pressures since its formation in March last year. The government is now pinning its hopes on a cut in German interest rates, which would relieve the pressure on Belgium to introduce emergency budget measures next month.

A Treasury official said yesterday: "Given the very negative business climate, we consider we have succeeded in limiting the deterioration [of the deficit]."

But Mr Peter Praet, chief economist with Générale de Banque, one of Belgium's biggest banks, warned yesterday that the government now had little room to manoeuvre.

"Because growth figures are being revised down, if rates don't come down quickly and strongly, the target of 5.2 per cent will be *impossible*," he declared.

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Italians deny halting Japan car imports

By Robert Thomson in Tokyo, Haig Simonian in Milan and John Griffiths in London

ITALY yesterday denied it was imposing a block on car imports from Japan and Tokyo's Ministry of International Trade and Industry said it had been assured by the Italian government no such action was being taken.

Miti said it had been confused by conflicting statements from the Italian government after inconclusive talks in Tokyo last month between the EC and Miti.

Fresh uncertainties also appeared to be raised over Italy's view of Japanese cars built inside the EC – mainly in the UK.

Italy's foreign trade ministry said its minister, Mr Claudio Vitalone, had been "misinterpreted" by newspapers on action Italy was taking. "There will be stricter monitoring of Japanese imports", said Mr Renigio Cavedon, a ministry spokesman.

Import levels would be reported immediately from frontier points. If the authorities found imports had risen "much higher" than in the past, Italy would request the Commission to take action, he said. But there was no question of imports being blocked.

The ministry indicated that the stepped up "controls" of Japanese imports would include vehicles produced at Japanese-owned plants in the EC.

Such "transplants" should in theory be allowed free access to EC countries under the single market.

"We can't stop the UK-made Japanese cars," said Mr Cavedon. "But obviously, if 100,000 Japanese cars flooded into Italy, that would have serious consequences for the domestic motor industry."

December's talks to agree the overall number of vehicles shipped from Japan to the EC this year under an EC-Japan "understanding" are expected to resume later this month.

Importers themselves appeared confused over Italian government plans. Nissan in Italy said it believed imports were blocked "for the time being", but admitted the company had not yet experienced any hold-ups. Around 90 per cent of Nissans sold in Italy are produced at its Sunderland plant in the UK.

The agreement between the EC and Miti, Japan's foreign trade ministry, allowed for 56,000 Japanese imports into Italy last year. The figure included "transplants."

EC negotiators had suggested a 0.9 per cent increase this year as part of a gradual rise in Japanese imports to 130,000 cars by 1999. A senior Miti official is due in Rome for further talks on January 15, according to the Foreign Trade Ministry.

Miti said yesterday it was still attempting to clarify whether France was taking similar action to Italy, after reports in Brussels it was considering doing so.

THE French government said yesterday it did not plan to suspend Japanese car imports, writes William Dawkins from Paris.

Mr Dominique Strauss-Kahn, industry and trade minister, said France believed in the EC-Japan car import accord signed in July 1991, which had been "more than respected" by Japanese car exporters to France.

US stops BP chemical technology sale to Iran

By Alan Friedman in New York

THE BUSH administration yesterday blocked the proposed sale of controversial chemicals plant technology to Iran by the US chemicals subsidiary of British Petroleum (BP).

The rejection, which caught both BP and the State Department by surprise, was announced by Mr Marlin Fitzwater, President Bush's press secretary. It followed reports yesterday morning that US government agencies remained divided about the proposed sale because of concerns that Iran might be able to develop chemical weapons with a hydrogen cyanide by-product of the BP technology.

In Cleveland, BP's US chemicals company said BP had not been notified of any decision.

Mr Fitzwater said the decision to reject the sale to Iran had been taken a month ago. But a State Department official said he understood the BP proposal and a separate US company proposal to sell aircraft for crop dusting to Iran had both been scheduled for further discussion yesterday at an inter-agency meeting. The State Department said, however, it would defer to the White House on the issue.

Mr Tony Kozlowski of BP's US chemicals company in Cleveland, Ohio, said the company was first approached 18 months ago by Fibchem, an Iranian fibre chemicals company. He said BP subsequently consulted various US government agencies and was told there were no objections to the sale from the Commerce, Energy and Defence Departments or from the Central Intelligence Agency (CIA).

Some officials at the State Department had apparently opposed the sale on the grounds that it could help Iran's effort to develop a series of chemical weapons.

The technology proposed for sale by BP included blueprints, plans, technical assistance, training and catalysts needed to build a chemical plant at Bandar Imam that would produce acrylonitrile, a base chemical used in the manufacture of synthetic fibres. The value of the proposed transaction was believed to be less than $50m.

BP said it was seeking to address concerns as it continued its application for an export licence from the Commerce Department. The company said the cyanide by-product could, however, be obtained on the open market.

Congressional critics have worked behind the scenes to oppose the proposed transaction. Mr Yossef Bodansky, director of the House Republican task force on terrorism and unconventional warfare, said yesterday he was pleased at the rejection. He said the chemical by-product was "a very fast-acting nerve agent that is extremely effective for battlefield use".

Demonstrators outside the Washington State Penitentiary in Walla Walla show their support for the hanging yesterday of child-killer Westley Allan Dodd. He was the first person to be hanged in the US since 1965 and had repeatedly waived his right to appeal against the death sentence

Republican battle surfaces in Congress

By George Graham in Washington

THE battle between centrists and right-wingers for control of the Republican party has spread to Congress, with the resignation of a leading moderate from the party leadership.

Congressman Steve Gunderson of Wisconsin said he would not serve as chief deputy whip in the new Congress as he expected the right-wingers who dominate the Republican leadership in the House of Representatives to adopt a strategy of "rigid confrontation and opposition" to President-elect Bill Clinton.

"There is no question the House Republican leadership is becoming increasingly hard-right. I do not believe our present leadership represents mainstream Republicans in this country or even in the Congress," said Mr Gunderson, an economic conservative who is more centrist on many social issues.

In elections for leadership positions last month, the House Republican caucus ousted the moderate Congressman Jerry Lewis of California from the chairmanship of their Republican Conference, the party's third-ranking post, in favour of Congressman Richard Armey of Texas, a more pugnacious right-winger.

In addition, Congressman Henry Hyde of Illinois, an argumentative conservative who is principally known as an anti-abortion crusader, took over the chairmanship of the Republican policy committee.

But the conflict in the House mirrors a broader struggle for control of the Republican party in the wake of President George Bush's election defeat – a struggle that will come to a preliminary climax later this month when the party elects a new chairman, but which is unlikely to be resolved entirely before the 1996 presidential primaries.

Moderates have complained that the party presented a narrow and divisive image of itself at its convention last summer in Houston, giving prominent speaking roles to right-wingers like Mr Pat Buchanan and Christian fundamentalists such as Mr Pat Robertson.

Mr Gunderson, like most of the other generally moderate Republican congressmen from his state, stayed away from the Houston convention and criticised the image of intolerance contained in some of the speeches there.

Yugoslav mediators to confront Milosevic

By Frances Williams in Geneva

THE OUTCOME of the Bosnian peace talks and possible outside military intervention in the conflict may hang on today's meeting in Belgrade between Mr Cyrus Vance and Lord Owen, the international mediators on the former Yugoslavia, and Serbian President Slobodan Milosevic.

Mr Milosevic, whom many believe to be backing Bosnian Serb aggression in Bosnia-Hercegovina, will be told Bosnian Serbs must drop their demand for a "state-within-a-state" that could later be linked with a Greater Serbia. Mr Vance and Lord Owen regard this demand as the principal obstacle to a Bosnian settlement, and have said that if the talks break down they will not hesitate to name the party responsible.

This would make almost inevitable some kind of UN-sanctioned military action against the Bosnian Serbs and perhaps Serbia itself, initially through enforcement of the no-fly zone over Bosnia.

Mr Fred Eckhard, spokesman for Mr Vance and Lord Owen, said yesterday that Mr Milosevic was "a key player" and "in a position to push this peace process home". He added: "Time is running out in terms of what the international community is willing to live with."

The first session of talks between the warring Serb, Croat and mainly Moslem government factions adjourned on Monday evening, after Mr Radovan Karadzic, the Bosnian Serb chief, said he needed to consult Serbian leaders, including Mr Milosevic. The negotiations are due to resume on Sunday.

Kosovo PM seeks help for Serbia's 'next target'

Anthony Robinson on a warning of war spreading

THE strong showing of ultra-nationalists in Serbian elections last month set alarm bells ringing from Moscow to Washington over the heightened danger of war spreading to Macedonia and Kosovo. Sceptics, on the other hand, said an over-stretched Serbia was unlikely to risk it.

Mr Bujar Bukoshi, prime minister of the self-declared Republic of Kosova, as ethnic Albanians call what used to be the Yugoslav autonomous province of Kosovo before its re-integration into Serbia by Serbian leader Mr Slobodan Milosevic, is not so sanguine.

"Serbia is well armed and able to fight not just on two but on five fronts at the same time," he says. "The Serbs are not mad, but they continue to do irrational things."

In London as part of a tour of European capitals, Mr Bukoshi says his aim is "to alarm the civilised world and prevent conflict spilling over to Kosovo as the next target of Serbian aggression".

"The situation in Kosovo is much more tense after elections which brought criminals like Zeljko Raznjatovic (better known as 'Commander Arkan') and Vojislav Seselj of the ultra-nationalist Radical party into top positions in the Serbian government," he adds.

As "an urgent first step" he called for the despatch of several thousand UN forces to Kosovo, where it has only 16 observers.

Mr Bukoshi, a 45-year-old doctor now based in Germany, was chosen as prime minister after clandestine multi-party elections last May.

The election in the Serbia poll of the two ultra-nationalists recently named as "war criminals" by Mr Lawrence Eagleburger, the US secretary of state, confirms that Serbia is seeking a Nazi-style "final solution" in Kosovo, Mr Bukoshi warns. Both men were involved in the worst of "ethnic cleansing" in Croatia and Bosnia and openly threaten to expel ethnic Albanians who make up 90 per cent of the 1.9m population of Kosovo, and reclaim the medieval Serbian kingdom, he adds.

Mass expulsion of unarmed ethnic Albanians would almost certainly lead to large-scale violence which would increase pressure on western leaders to intervene, partly to forestall military support from fellow-Moslem countries and the spread of the Yugoslav war to Albania, with unpredictable consequences for the region.

"The Serbs are demanding historical rights, the rights of those dead for 500 years, while suppressing the human rights of those who live there now," he argues. "It is absurd to ignore 500 years of Ottoman rule. The Serbs only regained Kosovo in the 1912 Balkan war, and now they are also preparing 'ethnic cleansing' in territories like Vojvodina, with 400,000 ethnic Hungarians and other minorities. But Vojvodina was never part of historical Serbia, and only ceded by the Treaty of Berlin in 1878."

Faced with armed oppression, Kosovars have created a parallel state, with a clandestinely elected president, prime minister and parliament, as well as underground schools and hospitals. It is a tactic pioneered by Solidarity in Poland under martial law.

Part of the aim has been to prevent anger spilling over into open revolt and giving the Serbs an excuse for further repression. "We deserve the Nobel prize for patience," says Mr Bukoshi wryly. "But the international community must now help us to breathe freely. Our autonomy, our schools, our elemental human rights, everything has been taken away. We are treated like animals to be exterminated."

Unlike Poles, who were repressed by a Polish general to pre-empt possible Soviet occupation, Kosovars are at the mercy of alien forces. The 200,000 ethnic Serbs left in Kosovo are well armed and organised in para-military units. Serb garrisons dominate many towns and villages and control roads, railways, Pristina airport, and the hills surrounding villages. Serb forces are also massed just over the Serbian and Montenegrin borders.

The oppression is not only military. More than 85 per cent of Albanian Kosovars have lost their jobs, forcing the community back on family solidarity and the fertile land which provides 70 per cent of their food. Above all they rely on remittances from nearly 250,000 Kosovars working mainly in Germany and Switzerland.

Corruption is rife, Mr Bukoshi says. Serb police and para-military shake down returning Gastarbeiter, confiscate goods and hidden money and then sell both on the black market.

Kosovo: Serb garrisons

Source: Republic of Kosovo

Soros initiates $25m loan to aid Macedonia

MR George Soros, the international financier who made a billion dollars during sterling's fall last September, has initiated a $25m (£16.4m) revolving loan for Macedonia, intended initially to cover the beleaguered former Yugoslav republic's oil requirements for the rest of the winter, writes Kerin Hope in Athens.

The loan follows Mr Soros's Christmas donation of $50m from his currency profits to international relief organisations working in Bosnia.

Mr Soros had to cancel plans to announce the loan yesterday in a speech to the Macedonian parliament because a snowstorm had shut down Skopje airport. However, government officials said the first instalment, in the form of 70,000 tonnes of crude oil, was on its way.

Although Macedonia is exempted from United Nations sanctions against Serbia and Montenegro, fuel supplies have run low. Because Macedonia has not been officially recognised by the European Community or the US it has no access to commercial credit or to financial aid from international organisations.

Peugeot to cut car workforce by 5 per cent

AUTOMOBILES Peugeot, the French car maker, said yesterday it would cut 2,597 jobs this year, its biggest workforce reduction since 1988, writes William Dawkins in Paris.

The company blamed declining demand within Europe for cars.

The move, the latest in a series of job cuts across French industry, is part of Peugeot's strategy to increase productivity by 12 per cent a year. This is needed to close the gap between itself and Japanese car makers before they win free access to European markets from 1999.

Peugeot is expecting the European car market to shrink by an estimated 4 per cent this year.

The job losses represent a 5 per cent reduction of the 50,000-strong payroll. The group lost almost 1,500 jobs last year.

Of the latest reduction, 1,600 will come from Sochaux, in eastern France, Peugeot's largest plant where four models are assembled, including the 205 and the 605 executive saloon.

The rest will come from nearby Mulhouse, assembly plant for the new 106 hatchback, Lille in the north, and Sept-Fons in central France.

The cuts drew an angry response from unions which condemned them as unacceptable.

"Nothing justifies the redundancies," the General Workers Confederation (CGT) said, noting the group was expected to report a profit for 1992. It said management should instead cut the working week to 35 hours from 39 and negotiate early retirement at the age of 55.

PSA Peugeot Citroën, the parent company, reported a FFr2.3bn ($418m) profit for the first half of 1992 but has not yet announced its full year-results.

Despite gloomy 1993 forecasts, Peugeot Citroën said it sold 26 per cent more new cars in December 1992 than in December 1991, taking 30.3 per cent of the French car market.

It said December was the best month of 1992 for the group in Europe, with its share of the market growing to more than 13.5 per cent, according to preliminary indications.

● Mr Dominique Strauss-Kahn, French industry and trade minister, said the government was continuing to study plans for closer links between Renault, the French state-owned car group, and Volvo, its Swedish partner.

Flying into flak over fish and Falklands

Hurd: breaking new ground

A UK minister makes the first trip to Argentina since 1982. Stephen Fidler and John Barham report

WHEN Foreign Secretary Douglas Hurd arrives in Buenos Aires this morning, the first UK cabinet minister to visit Argentina since the 1982 Falkland Islands conflict will fly into a barrage of inflated expectations.

The Falklands may have become a peripheral issue in Britain, but Argentina remains obsessed with the islands and clearly hopes that Mr Hurd's five-day visit will signify another step on the tortuous road to "recovering" the islands, this time through diplomatic means.

The British have publicly disabused their hosts of any belief that the Falklands is up for negotiation. Mr Hurd told Argentina's La Nacion newspaper at the weekend: "I do not expect, and neither should you, that my visit will set in motion any great advances."

Instead, he said, his visit will be devoted to further consolidating Britain's improving links with Argentina.

Britain and Argentina re-established diplomatic relations in 1990, a year after President Carlos Menem took office. Since then, relations have improved steadily to the point where they co-operated militarily during the 1991 Gulf war. Britain is assigning greater importance to its relations with Latin America, and Mr Menem's free market and pro-western policies have made Argentina an increasingly visible reference point in the region.

The economy has settled down to rapid growth and its privatisation policies have involved British banks, consultancy firms and industrial companies, the most notable being British Gas's leading position in the consortium which took control of the Buenos Aires gas distribution company last month.

Argentina has also opened up its secretive atomic establishment and scrapped its Condor II missile project. Britain and the US viewed both projects with great suspicion as a source of proliferation. At the same time, Argentina has sent troops as UN peacekeepers to the Gulf and Yugoslavia, for reasons of prestige and to keep its habitually restive troops busy.

That still leaves the awkward question of the Falklands. Buenos Aires continues to press a claim to the islands, despite the humiliating defeat of 1982. Equally, Britain refuses to discuss sovereignty formulas. Both have agreed to disagree over sovereignty, but cannot agree on how to manage shared resources, especially oil and fisheries.

There have been some advances. Seismic tests for oil will be carried out in Falklands waters this year by two companies. The two sides have also worked out a fisheries conservation agreement for 1993, and are now working on a more permanent arrangement. UK and Argentine scientists have started joint research on fish conservation.

Curiously, the illex squid, prized by gourmets in the Far East, is the centre of a dispute which islanders see as a continuation of the 1982 conflict by other means.

The islands have become one of the richest spots on earth by selling licences to Far Eastern squid-fishing fleets. But in December, Argentina announced it would start issuing cut-price licences of its own, breaking the Falklands' monopoly.

The move is expected in Port Stanley to deprive the islands of half or more of the £30m a year in revenues from licence sales. Some two-third of the islands' revenues come from licensing.

Provided the Argentine decision has a commercial, rather than predatory motivation, the British government is virtually powerless to influence the move.

However, Mr Hurd has warned that attempts to use squid licences as "political toys" could threaten wider bilateral relations.

Mr Hurd, who travels on to Chile, will be pressed to invite Mr Menem on an official visit to London. Mr Menem himself first asked to be invited to the UK over a year ago. But there is little sign that an invitation will be forthcoming.

Menem: reviving old ties

Belgian Rail to purchase 120 railcars

A CONSORTIUM of Acec Transport, part of GEC Alsthom, and the BN division of the Canadian-owned Bombardier Eurorail has won a BFr23bn ($705m) order from Belgian Railways (SNCB) for 120 electric multiple units, writes Andrew Baxter.

The railcars, to be made in Belgium, will be delivered from 1995 to the year 2000. GEC Alsthom will be responsible for all electrical and electronic equipment and the motor bogies. The units will be equipped with the latest electrical and electronic technology, including asynchronous propulsion – a new type of motorisation using AC rather than DC current – regenerative braking and computerised control. Some units will have dual-voltage equipment allowing them to cross the Belgian-French border.

The order brings the value of work won by GEC Alsthom consortia from European rail networks over the past three months to £2bn, including options. In November, consortia led by the Anglo-French engineering group won two big contracts in France for double-decker commuter and rapid transit trains.

Somali peace talks end in deadlock

By Julian Ozanne in Addis Ababa

UNITED Nations-chaired Somali peace talks ended last night in deadlock, with the 15 participating clan-based factions reaching no agreement and with acrimonious charges made against the UN by Somali warlords.

Delegates said informal talks would continue today after Mr Boutros Boutros Ghali, UN secretary general, left Addis Ababa. The move reflected the determination of four allied factions to stall any successful agreement while the conference was still under UN sponsorship which might reflect positively on the UN chief.

Mr Boutros Ghali last night played down the failure of the talks and the personal criticisms made against him by some Somali factions at the conference.

"What we have achieved is not enough but it is a positive step," he said. "For the first time the leaders have met and the mechanism has been created. The glass is half-full."

The UN chief said nobody was interested in creating a trusteeship in Somalia and he issued a stern warning to Somali leaders stalling on political reconciliation at a time when Africa was increasingly marginalised by a post-cold war world where attention was directed elsewhere. If they were not careful, he said, the world would withdraw from Somalia and plunge the country into a worse "drama".

"It was not easy to obtain the involvement of the international community to help Somalia and the international community could in 24 hours just forget Somalia. Nobody is interested in Somalia. The world is no longer interested in the poor countries of Africa."

By last night one alliance representing four factions and led by Gen Mohamed Farah Aideed, Somalia's most powerful warlord, had in effect blocked a proposal by the 11 other factions calling for the convening of a national reconciliation conference within 60 days in the Somali capital Mogadishu, if security conditions permitted.

In an statement circulated to the conference Gen Aideed attacked Mr Boutros Ghali and said he and his staff were "extraordinarily ignorant of Somali affairs" and they appeared to "thrive on the miseries in Somalia".

Delegates of the 11 factions said they were increasingly frustrated by Gen Aideed's negative position and would soon consider going it alone.

Warlords drive wedge between US and the UN

The limits of peace efforts have been exposed, says Julian Ozanne

THE round of Somali peace talks which ended yesterday has exposed the shortcomings of United Nations peacemaking efforts and underlined difficulties facing the world body in arranging an accord in the deeply fragmented country.

In another critical test of UN capability in dealing with the cold war legacy and ushering in a "new world order" the UN has emerged bruised and and is now faced with having to reconsider its long-term political role in Somalia.

The UN and Mr Boutros Boutros Ghali, its secretary general, have also been hard pressed to fight attempts by Somali warlords to exploit real and imagined divisions between the UN and the US and drive a wedge between the two.

In a statement distributed to the conference yesterday Gen Mohamed Farah Aideed, Somalia's most important warlord, said on behalf of his Somali National Alliance (SNA) that "UN bureaucrats, from the secretary general downwards, have failed time and again to demonstrate an understanding of the intricate political problems in Somalia."

Gen Aideed attacked the organisation of the political conference by Mr Boutros Ghali and questioned the UN's ability and impartiality.

Even before the conference started Gen Aideed was trying to undermine the UN. On Sunday, the day before the official opening, he organised an angry and unpleasant demonstration against Mr Boutros Ghali during his humiliating visit to Mogadishu. Gen Aideed and his other clan-based faction leaders have spent most of the conference filibustering – determined to frustrate efforts at agreement on a national political reconciliation conference before Mr Boutros Ghali departs today.

Senior UN officials said yesterday that since Sunday's visit the UN has received further violent threats against its personnel who are based in the southern part of the city controlled by Gen Aideed.

One UN official said privately the UN was now forced to consider whether it should withdraw its political bureau from Mogadishu. "If getting Somalis to the peace table means getting out of Somalia then we will get out," he said.

UN officials say they are dealing with the legacy of their involvement in Somalia which has inevitably created enemies among the warlords who face losing their power base.

But critics say the UN is reaping the harvest of its neglect of Somalia during 1991 when the country first slid into anarchy and starvation, and its subsequent inefficiency in re-establishing security for a humanitarian operation.

"What gave Boutros Ghali, the Organisation of African Unity and the League of Arab States the right to sit on the dais and open a peace conference on Somalia?" asked Mr Hassan Mahdi, a member of the SNA delegation. "They did nothing when we were suffering most and are now they are trying to jump on the bandwagon of American success."

Many US officials privately share the warlords' criticisms of the shortcomings of the UN. They point to their own rapid successes made in the past month since US troops first landed in Somalia including restoring relative order, gearing up a massive relief effort and brokering the first serious peace talks in Mogadishu.

Serious divisions have emerged between the US and the UN. Mr Boutros Ghali has tried unsuccessfully to pressure the US to disarm the factions. Differences have also emerged over plans for the handover from the US-led operation to one led by the UN.

Some State Department officials clearly believe that they are better able to guide Somalia to peace and reconstruction and are privately hoping that President-elect Bill Clinton will give them an expanded remit in Somalia when he moves into the White House this month.

Publicly, US officials continue to say that they are fully committed to the UN.

Gen Aideed, however, believes the differences are real and can be exploited to his advantage. "The SNA hopes and expects major donor countries, especially the United States, would reassess their positions vis-à-vis the UN and the Somali crisis," Gen Aideed said.

For some reason Gen Aideed and his allies believe US oversight of the peace process offers them the best hope of maintaining their power. Somali critics say the US operation has fuelled these beliefs by basing itself in the part of the city Gen Aideed controls and forging links with his main financier, Mr Osman Arto.

Some angry UN officials allege privately that the US is encouraging the anti-UN camp, and as a concession to Gen Aideed has breached a number of agreements, such as operating under a UN flag and providing proper security to the UN. They say the talks in Mogadishu should have been organised on UN soil instead of being arranged by the US special envoy at the US embassy.

"At this critical moment the US, the major player, is sitting on the fence watching us struggle," complained a UN official.

Few observers expect the ambiguity of the UN-US relationship to be clarified before Mr Clinton takes office. But in the meantime the UN has suffered a further loss of credibility at the peace conference which might hamper its future efforts at peacemaking.

S Korean economy likely to grow 6%

By John Burton in Seoul

THE South Korean economy is expected to improve this year, with the current account deficit shrinking and prices stabilising.

Government agencies and private institutes predict that gross national product growth will be around 6 per cent in 1993 against last year's 4.9 per cent, the worst economic performance since the country's 1980 recession.

The Economic Planning Board, (EPB), the government's senior economic agency, estimates that 7 per cent is the optimal growth rate for South Korea. Higher growth would trigger excessive inflationary pressure.

The expected acceleration in this year's growth will depend on increased industrial investments and growing exports as the global economy recovers.

The growth in industrial investment slowed to 0.8 per cent in 1992, reflecting weaker business confidence, after averaging more than 15 per cent annually during the previous two years.

The government recently announced measures to stimulate investment, including lifting the ceiling on foreign currency loans for the purchase of imported machinery and providing state loans of \$6.3bn (£4.2bn) for domestic machinery and plant construction.

"The currently flat investment situation, if prolonged, is expected to seriously threaten the nation's economic growth potential in the next couple of years," said Mr Choi Gak-kyu, the deputy prime minister and EPB director.

He estimated that industrial investment could increase by 5 per cent in 1993 as a result of the new measures.

A recent survey of the country's big industrial groups found that most are planning to boost investment in the belief that export demand will improve.

The election last month of Mr Kim Young-sam as Korea's next president also restored business confidence by removing the political uncertainty that had dampened capital spending. Increased investments will be primarily directed to the electronic, automotive and semiconductor industries.

Restrictions on construction, which were imposed last year to curb inflation, have also been recently lifted.

Exports are expected to increase by 8 per cent as Korean companies expand markets in developing countries, particularly China and South-East Asia, to compensate for slower demand in the US, Japan and the EC.

The rise in exports, combined with lower imports, should almost eliminate the trade deficit on a balance of payments basis, although it will amount to \$3.5bn on a customs clearance basis compared with \$4.9bn last year, said the ministry of trade and industry.

This should help reduce the current account deficit to \$3bn against \$4.5bn in 1992.

Concerns remain about inflation, although the 1992 rate of 4.5 per cent was the lowest since 1986, when prices rose 1.3 per cent.

It remains unclear whether President-elect Kim will agree to the present tight monetary policy or instead ease credit controls in response to business demands.

Most forecasts estimate an inflation rate of around 5 per cent if the stable growth policy continues.

The EPB wants to slow expansion of the money supply to between 13 per cent and 17 per cent from last year's 18.5 per cent.

It plans to mollify business worries about a possible recession by lowering interest rates to a target rate of 12 per cent from last year's peak of 19 per cent through deregulation and more loans for industrial investment.

Nima Jado holds a picture of her son Khaled Sbri Jado, a Palestinian deportee, as she and her granddaughters demonstrate in Bethlehem yesterday. Israel said it would not alter its decision to expel 415 Palestinians to Lebanon despite the threat of further action by the UN Security Council and the despatch of a second UN envoy, writes Hugh Carnegy in Jerusalem.

The government hopes the visit later this week of Mr Chinmaya Gharekhan, special adviser to Mr Boutros Boutros Ghali, UN secretary general, will overcome the deadlock between Israel and Lebanon over the supply of humanitarian aid to the Palestinians, stranded for almost three weeks in no-man's land in south Lebanon. Officials also hope to use the visit to fend off Arab demands for UN sanctions if Israel persists in ignoring Security Council resolution 799 calling for reversal of the expulsions.

Israeli forces detained 17 relatives of a Palestinian suspected of involvement in the killing of a secret service agent in Jerusalem on Sunday. At least 15 other people were also held.

Taiwan jet deal threatened by technology battle

TAIWANESE legislators yesterday threatened to block a US\$6bn (£3.95bn) purchase of 150 F-16 jet fighters from the US unless Washington agreed to transfer some production technology to the island, Reuter reports from Taipei.

"We will kill the deal if the US does not agree to technology transfer," Mr Ting Shou-chung, a ruling Kuomintang (KMT) Nationalist party deputy in the parliament's defence committee, said after a closed session to discuss the government's budget request.

"It would be unthinkable and ridiculous if we did not have an offset agreement to manufacture parts," Mr Ting said.

Legislators said the defence ministry requested the first instalment of a US\$6bn budget to buy the F-16 fighters. State radio said the money would be paid over nine years and the first aircraft would be delivered in 40 months.

The US reversed a decade-old policy and agreed to sell the F-16s to Taiwan last September despite strong protests by China, which claims sovereignty over the island.

Mr Chen Li-an, defence minister, said the political sensitivity of the deal made it impossible for Taiwan to obtain a commitment for technology transfer from the aircraft's maker, General Dynamics, before the purchase was completed.

The chairman of parliament's budget committee, Mr Liao Fuw-peen, criticised the budget request. Mr Ting and Mr Chen said they were confident of having enough support to block it.

Mr Ting noted that opposition in parliament was a major reason for last year's collapse of a deal for Taiwan Aerospace Corp, partly owned by the Taiwan government, to buy a stake in the operations of McDonnell Douglas for US\$2bn.

The legislators and state radio said Mr Chen also requested an allocation of funds for the purchase of 60 Mirage 2000-5 jet fighters from France. Taiwanese newspapers reported in November that a contract to buy 60 Mirages for about US\$2.6bn had been signed in Taipei, though Mr Dominique Strauss-Kahn, France's trade and industry minister, has denied that the deal had been finalised.

China has closed France's consulate in the southern city of Guangzhou and cut French companies out of a US\$1bn subway contract there in retaliation for the reported deal.

● Taiwan's trade surplus plunged 29 per cent to an eight-year low of US\$9.48bn last year, slashed by rapidly rising imports and the global economic slowdown, the finance ministry said yesterday.

Exports grew a moderate 7 per cent to US\$81.48bn, restrained by weak demand in major foreign markets such as the US and Japan. Imports surged 15 per cent to US\$72bn, boosted by a consumer spending boom and purchases of materials and equipment for Taiwan's six-year, US\$300bn infrastructure building plan.

In December alone, the trade surplus shrank 44 per cent from a year earlier to US\$510m.

The 1992 surplus was the lowest since US\$8.5bn in 1984. Economists predicted a figure between US\$7.5bn and US\$8bn.

Japan's vehicle registrations decline by 7.2%

By Robert Thomson in Tokyo

MOTOR vehicle registrations in Japan fell 7.2 per cent last year, the second consecutive year of decline, highlighting the impact of the economic slowdown and the increasing pressure for a restructuring of an overcrowded car industry.

The Japan Automobile Dealers' Association said total sales were 5.33m, with sales of passenger cars, excluding mini-cars, down 8.6 per cent to 3.68m units, marking the first yearly fall since 1981.

Eight of the country's 11 vehicle makers reported a downturn in sales last year, while sales of imported cars slipped 7.7 per cent to 184,616 units.

> The government should consider measures to stimulate the economy if the slowdown continues – Mr Gaishi Hiraiwa, Keidanren chief

Mr Gaishi Hiraiwa, chairman of the Keidanren, the federation of economic organisations, said the government should consider new measures to stimulate the flagging economy if the slowdown continues into the spring. He said the government may need to remedy the stock market weakness, which has undermined business confidence.

The Electronic Industries Association of Japan also highlighted the difficulties facing the country's leading manufacturers by announcing that domestic shipments of colour television sets fell 11.9 per cent in November, compared with the same month in 1991.

Electronics makers were particularly surprised by a 24 per cent fall in shipments of large-size televisions, on which they had based hopes of a recovery in consumer demand for higher-priced products. Video cassette recorder shipments were down 19.9 per cent, while shipments of high-performance VCRs fell 40.5 per cent.

Daihatsu, the maker of mini-vehicles and commercial vehicles, reported a 28.5 per cent fall in sales by volume, while Toyota saw a 5.4 per cent decline and Nissan 10.8 per cent. Mitsubishi Motors said its sales were 3 per cent higher, while Suzuki reported a 19 per cent increase.

In December, passenger car sales fell 8.1 per cent on a year earlier, while truck sales were 8.4 per cent lower. Bus sales fell 30 per cent.

Indonesia budgets amid policy malaise

William Keeling on unease about economic direction in spite of the good numbers

WHEN President Suharto announces Indonesia's annual budget tomorrow, he is likely to paint 1992 as a year of consolidation setting the ground for a renewed, if moderate, increase in growth. Behind the imperturbable face of government, however, there is growing unease at the conduct of economic policy.

The main indicators give the economy a rosy hue. Inflation has been cut by a third in the past 12 months to about 6 per cent while the current account deficit, \$4.5bn in 1991, will have fallen to about \$4bn last year.

Indonesia's international debt held steady in 1992 at \$78bn and 20 per cent growth in non-oil exports should prompt a fall in the debt service ratio from 32 per cent of export proceeds last year.

Economists estimate Indonesia achieved gross domestic product growth of about 5.75 per cent in 1992, down from 6.75 per cent a year earlier. A rise to about 6.5 per cent is forecast for this year.

Mr Suharto's budget, however, will need to be a cautious one. Oil and gas account for nearly 40 per cent of exports and a weakening oil market could cause havoc with government finances. For every dollar drop in the price of a barrel of oil, export revenue falls by \$500m.

Pressures are rising on government expenditure, likely to be targeted at about Rp62,000bn (£19.9bn) this year. Civil service wages have been static for two years, so that a typical state employee with six years' service receives just Rp56,000 a month, close to the minimum wage.

Demands for expenditure on overstretched infrastructure are increasing. Above all, with 2m people entering the labour market every year, strong growth is required to maintain social stability.

Since the mid-1980s, the government has adopted economic deregulation as a means of promoting growth through the private sector. However, enthusiasm for this may have passed.

Indonesia is still grappling with the effects of a 1988 package of financial deregulation which led to a near doubling in the number of banks to more than 200 and a concomitant growth in bank credit, offshore borrowing and new investment.

Poor management and a lack of central supervision have left many banks undercapitalised. And the level of non-performing loans – those on which no interest has been paid for three months or more – is estimated by one donor official at up to 20 per cent of the banking sector's assets. Central bank officials say it is no more than 6 per cent.

Last month Bank Summa, the country's tenth-largest private bank, was ordered into liquidation owing Rp1,600bn. Foreign bankers say lending limits to Indonesia are being tightened and the cost of borrowing increased.

Government officials also concede actual investment in Indonesia has fallen sharply (exact figures are not available) in the last year. Approvals in 1991 were \$29bn.

Mr Adrianus Mooy, governor of Bank Indonesia, says the decline "is the cost we have to pay in the short run in order to achieve more sustainable long-term growth". However, with the opening up of southern China and Vietnam, the fall in investment may be longer-term.

Donors, such as the World Bank and Asian Development Bank, are pressing the government to respond with further deregulation.

But the problems with the financial sector have strengthened the hand of those arguing for state intervention and a controlled business environment for the private sector.

Deregulation last year was piecemeal. Foreigners were allowed to own 100 per cent of new projects but, on the main island of Java, only if they invested more than \$50m.

Sectors of the economy such as cement, steel, sugar, wheat, rice, and cloves – the essential ingredient in Indonesia's kretek cigarettes – remain heavily influenced by government or dominated by politically well-connected private companies.

Moves to attract private sector involvement in infrastructure projects have also faltered. Negotiations over the \$2bn Paiton power plant in East Java have yet to be concluded, seven months after Mission Energy of the US won approval for the project.

The contract to expand the congested main port of Tanjung Priok has been delayed while a proposal by the Humpuss Group, controlled by Mr Suharto's youngest son, to run the port is considered.

Diplomats say Mr Suharto is receiving conflicting advice from ministers promoting themselves prior to a cabinet reshuffle in March.

In one ear he is told to confront project delays and economic weaknesses by strengthening central decision-making. In the other he hears that the failings of deregulation are the result of economic technocrats having insufficient autonomy, while central interference is obstructing essential projects.

The message from the business community is more succinct. As the head of one conglomerate puts it, until the direction of economic policy is clear, "I've told my staff, no more investment".

NEWS IN BRIEF

Moi to meet opposition leaders

PRESIDENT Daniel arap Moi and Kenya's three main opposition leaders have agreed to meet in an attempt to defuse the country's post-election tension, Chief Emeka Anyaoku, Commonwealth secretary general, announced yesterday, writes Michael Holman in Nairobi.

Chief Anyaoku made the announcement after holding separate talks with Mr Moi and the opposition, saying that "dialogue must replace confrontation."

Last week's disputed election give Mr Moi 1.96m votes, followed by Mr Ken Matiba of FORD-Asili with 1.4m. The ruling Kanu party has 100 parliamentary seats, with FORD-Asili and FORD-Kenya each winning 31 seats, while the Democratic Party won 23 and 3 went to minor parties. Mr Moi can nominate 12 members, giving Kanu 112 seats in the 188 member assembly.

Angola is at war, says PM

Angola is at war, Mr Marcolino Moco, prime minister, said yesterday as fighting between government and Unita rebels flared around the country, AP reports from Luanda.

Angolan national radio reported that rebel and government forces battled in the coastal town of Benguela.

UK cuts aid to Sierra Leone

Britain is withdrawing aid to Sierra Leone in protest against the execution of alleged coup plotters in the country, Reuter reports from Abuja, Nigeria.

Mr Douglas Hurd, UK foreign secretary, told a news conference in Abuja: "I have decided that we will suspend all new aid to Sierra Leone. We will withdraw our existing offer of programme aid which is £4m of balance of payments support and we will consider what further measures might be taken."

Beijing warning on HK talks

China said yesterday that British actions would determine whether foreign ministers of the two countries will be able to meet in March as scheduled to discuss Hong Kong, Reuter reports from Beijing.

"The next meeting should be held in Beijing in March this year. The holding of the next meeting depends on what the British side will do," a foreign ministry spokeswoman said.

Relations have been strained since Hong Kong Governor Chris Patten announced reform proposals last October which would effectively allow Hong Kong people to elect the majority of the colony's legislature for the first time.

Australia rules out rate cut

The Australian government yesterday ruled out a reduction in interest rates after the Australian dollar touched a five-year low of 67.70 US cents in nervous trading before the release of the November balance of payments data, writes Kevin Brown in Sydney.

Singapore lifts retirement age

Singapore is to raise the retirement age from 55 to 60 to "help to supplement our limited domestic workforce and reduce our reliance on foreign workers," according to a labour ministry official, Reuter reports from Singapore.

Khmer Rouge warned

The Khmer Rouge guerrilla group must be barred from Cambodian elections and declared outlaws if they do not rejoin the United Nations peace process by the end of the month, the Phnom Penh government said yesterday, AP reports. Mr Hun Sen, the prime minister, condemned the group for violating the Paris peace accord.

Rise in those seeking asylum

The number of asylum-seekers who arrived in Germany in 1992 rose by a record 71 per cent over 1991, writes Judy Dempsey in Bonn. More than 440,000 were registered last year, but less than a third – 122,666 – arrived from the republics of the former Yugoslavia.

Conservationists criticise tanker route ● Decline in maritime safety blamed ● Island activates emergency plan

Wildlife campaigners fear oil spill could end in catastrophe

By Richard Donkin

THE environmental impact of the wrecked Braer oil tanker near Sumburgh Head in Shetland was described last night as "potentially catastrophic" by the Worldwide Fund for Nature.

The southern tip of the Shetland Islands, which has four sites designated of special scientific interest, is recognised as an internationally important area for seabirds and marine life.

As well as birds, a chain of life from microscopic marine organisms to porpoises and whales are at risk from pollution. Shetland also has important populations of otter and grey seals.

Dr Jonathan Wills, a wildlife expert living on Shetland said that such a shipwreck had been feared for 15 years. "This was the disaster that was not supposed to happen," he said.

Dr Sian Pullen, WFN marine conservation officer, said the organisation was asking for special routing for certain types of tankers around environmentally sensitive areas.

"Questions should be asked about why a ship carrying such a hazardous substance was navigating through this area in dangerous conditions," she said.

Dr Nancy Harrison, marine policy officer for the Royal Society for the Protection of Birds, said: "This is a potential major disaster for wildlife. Questions must be asked why a single-hulled tanker which is banned around sensitive coastlines in other countries is allowed to be in one of Britain's most vulnerable sites for marine wildlife."

She said that thousands of seabirds might be lost in the oil spillage but added that the catastrophe would have been far worse had the ship been wrecked in the summer when more birds would have been nesting on shore.

"In a sense we're lucky it isn't summer, but I don't want to understate the importance of the area for birds in winter."

"This is a potential major disaster for wildlife. Questions must be asked why a single-hulled tanker banned around coastlines in other countries is allowed to be in one of Britain's most vulnerable sites for marine wildlife."

The oil spill from the wreck of the Aegean Sea off the north-west coast of Spain just before Christmas killed about 3,000 seabirds but that area is not noted for its bird populations. "My feeling is if we come out that lucky, we will be very very happy. I think it will be more than that," said Dr Harrison.

The birds most immediately under threat in the Shetlands are sea duck and diving species.

The Wildfowl and Wetlands Trust rates the Shetlands as probably the most important site for wintering sea ducks in Britain with about 10,300 wintering birds, about 7 per cent of the UK population.

Shetland has colonies of eider, long tailed duck and large numbers of guillemots and shag. Other seabirds such as fulmars and little auks and the great northern diver are also vulnerable. Dr Harrison said the threat to colonies of black guillemot was particularly worrying because local populations would be unlikely to recover quickly.

Some colonies have still not fully recovered from the last big spill in the area in 1979 when the tanker Esso Bernicia ran into a terminal at Sullom Voe. Some 3,700 birds died and the eider duck population declined by more than a quarter between 1979 and 1984.

Mr Ian McCall, conservation officer at the RSPB's Scottish office, said the tanker could not have run aground at a more sensitive spot because Shetland was one of the most important wildlife centres in the whole north east Atlantic region.

He said: "This is not only a big local problem but one of international proportions. The bird species in danger form significant parts of total populations or have come here for the winter from lands far to the north."

Shetland is currently home to between one and two per cent of the Atlantic populations of great northern divers, shags and black guillemots.

Wildlife conservationists were hoping last night that coast-dwelling species in the Sumburgh area would have been mainly on the opposite side of the headland, sheltering from the storm.

Tens of thousands of other seabirds which nest among Shetland's cliff colonies are well out at sea where they feed and live after the breeding season, returning in the spring.

With the storms yesterday preventing any attempts to stop oil leaking from the tanker, there were hopes that the heavy seas would help to disperse the oil, which is a light crude that evaporates more quickly than some other oils. But a concern was that if a substantial amount of oil leaks into the sea it might circulate widely around the islands, making prospects for a rapid clean-up difficult. In those circumstances it would be a struggle to have the shores cleaned before the sea-ranging birds return to nest in a few months' time.

Even if the clear-up measures are successful, there will be the longer term consequences of oil residues falling to the sea bed. Oil has been known to decimate the food of sea ducks – crustaceans and molluscs.

REACTION

Tighter rules urged to control ageing tankers

By Deborah Hargreaves

THE grounding of the Braer tanker off Shetland yesterday has led to calls for the UK to tighten up its restrictions on allowing ageing tankers into environmentally sensitive areas.

The Merchant Navy Officers Union said that a massive decline in maritime safety standards has resulted in a huge increase in the number of sub-standard ships in British waters.

The Oil Pollution Act, which was passed in the US in August1990 in the aftermath of the Exxon Valdez tragedy, will phase out the use of older, single-hulled tankers at US ports over the next 15 years.

It also seriously restricts the use of single-hulled vessels in environmentally-fragile areas.

The Braer tanker was carrying 619,300 barrels of oil – more than double the 300,000 barrels spilt by the Exxon Valdez – which ran aground off the coast of Alaska in 1989.

The Braer, which was built in 1975, had been in good condition with no previous record of major accidents, according to Mr Norman Hook at Lloyd's Casualties.

But, like the majority of the world's ageing tanker fleet, the Braer was a single-hulled vessel without the added protection of an outer encasing which minimises the risk of oil spills.

Under new regulations introduced by the United Nations' International Maritime Organisation (IMO) in March last year, these type of tankers cannot be built any more – all new tankers must have double hulls.

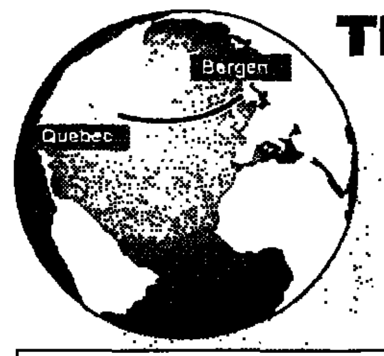
"There is some concern that the existing tanker fleet is getting older and there is a big gap between pollution control standards on old and new vessels," said Mr Roger Kohn at the IMO.

The IMO rules require that all existing tankers be brought up to the same pollution control standards as newly-built double-hulled vessels by 1995.

This involves major refits to the world's fleet of tankers estimated to cost $80m per vessel.

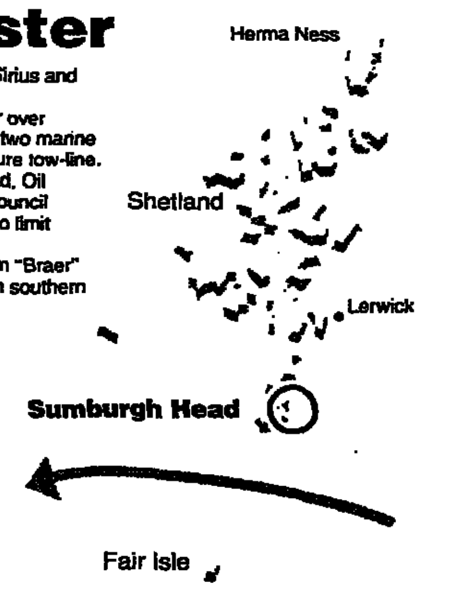
Mr Chris Smith, the opposition Labour party's environment spokesman, asked why the UK government had not followed the US administration in learning the lessons from the Exxon Valdez disaster and tightening controls on oil tankers.

The Braer: Route to Disaster



The countdown

05:30 Braer engines fail
07:20 Tug Star Sirius despatched from Lerwick Harbour, 30 miles away. Sullom Voe tug Swaabie also en route. Lerwick lifeboat and Coastguard Rescue Sikorsky helicopter at scene.
08:45 Tanker only one mile off rocks at Horse Island, Sumburgh Head.
09:00 RAF rescue helicopter from Lossiemouth lifted off last of the 34 man crew.
10:55 Tanker taken in tow by Star Sirius and Swaabie in attempt to pull clear.
10:58 Coastguard rescue helicopter over tanker to put skipper, five crew and two marine pilots back aboard. Attempts to secure tow-line.
11:15 Tanker aground on Fitful Head. Oil already leaking. Shetland Islands Council activated major disaster plan to try to limit environmental damage.
11:25 Shetland Coastguards confirm "Braer" aground on rocks at Garths Ness on southern tip of Shetland Islands.



Largest oil slicks in the world

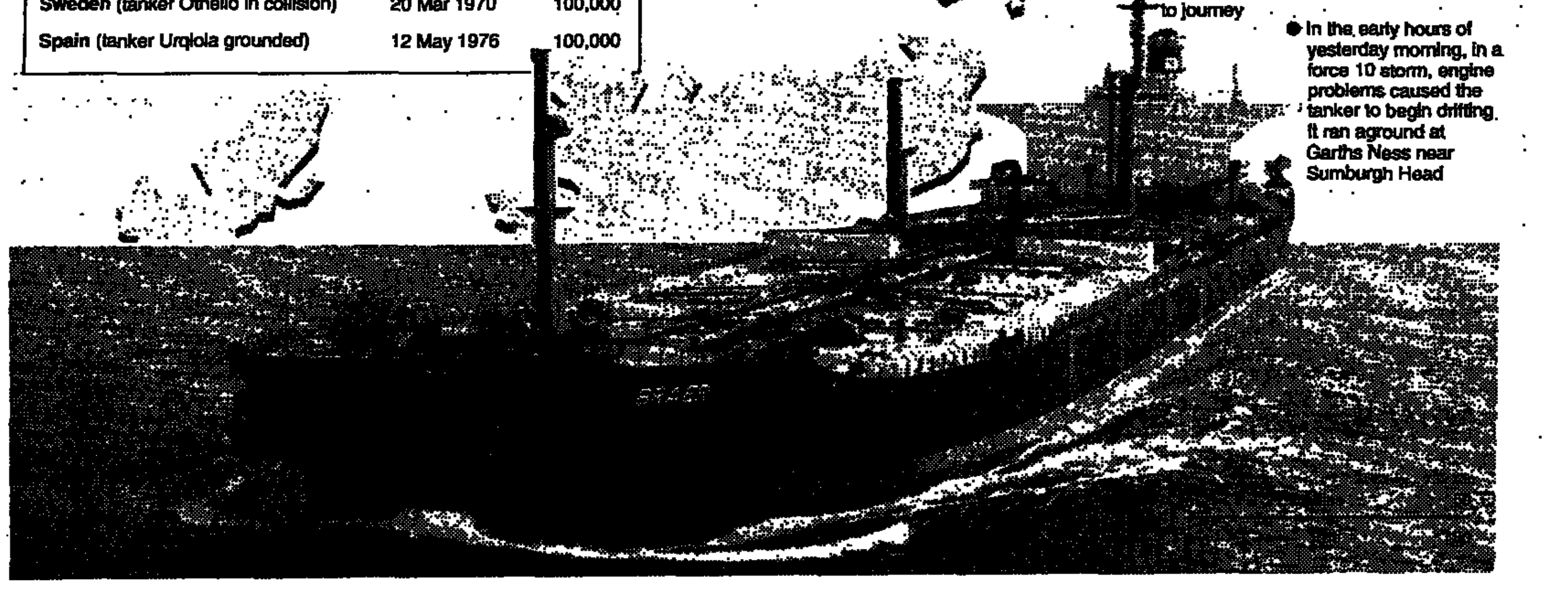
Location / cause	Date	Spillage (tonnes approx)
Arabian Gulf (deliberate discharge by Iraq army during Gulf War)	25 Jan 1991	1,470,000
Gulf of Mexico (Itox oil well blow-out)	3 Jun 1979	610,000
Arabian Gulf (Norwuz oil well blow-out during Iran-Iraq War)	Feb 1983	610,000
Tobago (collision of tankers Atlantic Empress & Aegean Captain)	19 Jul 1979	300,000
South Africa (fire on Castilio de Beliver)	6 Aug 1983	255,000
France (tanker Amoco Cadiz grounded)	16 Mar 1978	230,000
Scilly Isles (tanker Torrey Canyon grounded)	18 Mar 1967	120,000
Gulf of Oman (tanker Sea Star in collision)	19 Dec 1972	115,000
Sweden (tanker Othello in collision)	20 Mar 1970	100,000
Spain (tanker Urqiola grounded)	12 May 1976	100,000

Wrecks that made the headlines

Between January and June 1942 German U-Boats torpedoed a number of tankers off the east coast of the US with a loss of some 600,000 tonnes of oil. The grounding of the Exxon Valdez in Prince William Sound, Alaska, on 24 March 1989 ranks outside the 10 worst at about 35,000 tonnes, but resulted in major ecological damage.
In addition to these major slicks, it is estimated that an average of 2,000,000 tonnes is spilled into the world's seas every year. The tanker, Ageah Sea, ran aground off La Coruna in northwest Spain in early December, spilling 500,000 barrels of oil.

The voyage

- The Braer left Mongstad near Bergen in Norway on Sunday heading for Quebec in Canada
- Charted course through the middle of the notoriously choppy 22-mile-wide channel between Sumburgh Head and Fair Isle. It kept 10 miles away from the coast in line with advice from maritime authorities
- Seas are usually calmer taking route around Herma Ness, but that adds 60 miles to journey
- In the early hours of yesterday morning, in a force 10 storm, engine problems caused the tanker to begin drifting. It ran aground at Garths Ness near Sumburgh Head



THE SHETLAND Islands Council yesterday activated its contingency plans to deal with a disaster of the Brae nature but was thwarted by severe storms, writes Deborah Hargreaves and Richard Donkin.

The storms could help the clean-up operation by breaking up the oil in high waves. Mr Ian White, managing director of the International Tanker Owners Pollution Federation estimated that up to 70 per cent of the oil would evaporate or disperse naturally.

He said the severe weather rendered conventional methods of dealing with oil pollution useless. Aircraft were unable to spray chemicals and neither booms nor skimmers which are stored on the island could be deployed.

The spill could not be compared to the Exxon Valdez disaster, he added. In that Alaskan spill, the oil was in relatively still water.

The Marine Pollution Control Centre at the Department of Transport, which is responsible for pollution at sea, yesterday sent up six aircraft to track the slick and spray dispersant, but all were forced back by the weather.

One of the organisation's remote sensing aircraft, which has radar and infra-red equipment to track an oil slick, managed to reach the tanker, but had to return because of high winds.

The aircraft were waiting in Inverness to try to reach the scene at first light this morning.

Mr Michael Hudner, chief executive of B&H Ship Management which operates the tanker for its Liberian owners, was due to reach Shetland last night with a response team to co-ordinate the salvage operation. "We regret this incident occurred," he said yesterday.

Smit Tak International, a leading ocean salvage company based in Rotterdam, was awarded the contract for the salvage operation. The company's payment is tied to the amount of environmental pollution it can contain.

A company official said the first priority would be to board the vessel to assess the situation, but that has been impossible so far because of the high winds. The company is hoping it can pump oil from the tanker, with equipment aboard a salvage vessel on its way from Rotterdam.

Smit Tak will have two salvage rteams in Shetland by this morning.

Vessel followed maritime advice on channel route

ENVIRONMENTALISTS have questioned the presence of an ageing oil tanker off the coast of one of the UK's most fragile ecosystems, but there is no evidence to suggest the Braer was flouting marine guidelines, writes Deborah Hargreaves.

Around 1,000 tankers a year chart the 22-mile wide channel separating Sumburgh Head from Fair Isle.

The Braer had loaded up with oil from Statoil's Gullfaks field in the Norwegian sector of the North Sea. It had left Mongstad near Bergen in Norway on Sunday to sail for Quebec in Canada, carrying $11m worth of oil for Ultramar's Canadian refinery.

The tanker's route carried it into the channel between Sumburgh Head and Fair Isle early yesterday morning as weather conditions were deteriorating amid a Force 10 gale. The crew, however, charted a course through the middle of the channel, 10 miles away from the coast, in line with advice from maritime authorities.

But engine problems caused the tanker to begin drifting out of control when it was blown by winds on to the rocks.

"The problem for many of these tankers is that they use the school atlas approach to charting a course," said Mr Paul Roberts at Ocean Routes, a company which tracks the weather and plans shipping routes for tankers.

LIABILITY

Insurers face heavy losses of up to $35m

By Richard Lapper

"AT the moment we are looking at a heavy loss but if the vessel breaks up this will be a major catastrophe," said Mr Michael Thorpe, of Skuld, the Norwegian protection and indemnity club which provides liability insurance for Bergvall & Hudner Ship Management, the managers of the stricken Braer oil tanker.

Potential insurance claims to meet the cost of the pollution clean-up and related losses should be contained, however, to a maximum of $35m, according to Mr Thorpe.

This is under the terms of two international conventions to which the UK is a signatory.

Liability is limited under the terms of the 1969 Civil Liability Convention [up to a total of $17m] – funded by tanker owners – and the 1971 International Oil Pollution Compensation Fund.

Claims following the Exxon Valdez spillage in Alaska in 1989 exceeded $500m – but this was because the US is not signatory to either of these conventions.

For these convention limitations to be breached, potential claimants would need to show that the vessel's owners were guilty of – at least – gross negligence, according to London marine insurers and brokers. At present, insurers are relatively confident that it would be difficult to breach the limitations.

Of the potential $35m payout, Skuld, the fourth biggest P & I Club in the world, with annual premium income in excess of $150m, would pay claims of $2m. Sixteen P & I Clubs, mutual insurers owned by the world's shipping fleets, would meet the next $13m in claims through a joint reinsurance scheme.

All claims above $15m would fall on the reinsurance market, largely through a scheme negotiated by the P & I Clubs with Lloyd's syndicates and London market companies. Reinsurers would cover all claims up to a total of $500m.

It is understood that the hull of the Braer itself, built in 1975, was insured for a total of $12.7m.

Managerial differences highlighted

By Catherine Milton, Labour Staff

BRITISH executives manage from experience, their peers in Korea use manuals, while Iranians are guided by national beliefs, according to a survey of almost 2,000 decision-makers in 16 countries.

Only the Finns and the Dutch are more individualistic and independent in decision-making than UK managers, delegates were told yesterday at the British Psychological Society's occupational psychology conference in Brighton.

The survey, which was completed over a two-and-a-half-year period. Funded by Canon, the Japanese photocopier and camera manufacturer, the survey found that Japanese managers rely partly on their own experience and training, and partly on their superiors, as do the Americans, Australians and South Africans.

The survey suggests that managers in all countries believe decisions based on their own experience and training usually delivered the best outcomes.

Unions intensify action to save pits

By Michael Smith and David Goodhart

FURTHER legal challenges to force the resumption of coal mining at pits facing closure under the government's coal review plan was threatened yesterday as unions intensified their campaign to keep collieries open.

Mine and rail unions also announced they will next week consider a national day of action in protest at privatisation of Britain's state coal industry.

That could cause friction with other unions and the Trades Union Congress – the umbrella organisation for most UK unions – which is planning a separate day of action in February when TUC officials expect unemployment to pass 3m.

Mr Arthur Scargill, president of the National Union of Mineworkers, has written to the prime minster claiming that Mr Michael Heseltine, trade and industry secretary, is personally liable for more than £100m paid by the government for miners' severance payments following the October announcement that 31 pits were to close. Mr Scargill's claim follows the High Court judgment in December that the government had acted unlawfully in its decision to close 31 pits without a proper review.

He told Mr Major taxpayer's' money had been spent unlawfully on severance payments.

The more important legal argument, however, centres on the future of the 10 pits excluded from the Department of Trade and Industry review of the original closure decision.

The High Court ruling appears to give the unions the right to reject the government's decision to appoint John T Boyd, the US mining consultancy, as the independent reviewer of the 10 pits. Mr Scargill yesterday insisted the unions would reject Boyd and quoted the High Court ruling, saying: "It is for British Coal and the unions to decide how...an independent scrutiny should be conducted and who should conduct it".

The government is determined not to restart coal production and British Coal yesterday announced output would stop at Betws colliery in Wales, the only one of the 10 where it has continued.

Britain in brief

M0 figures point to recovery

A rise in the M0 measure of the money supply in December has added to expectations that the UK economy may be starting a recovery.

M0, which mainly comprises notes and coins in circulation, rose by a seasonally adjusted 0.3 per cent between November and December, the Bank of England says.

In the year to December, M0 growth was 3 per cent, the same as the year-on-year rise in November. That figure came after several months in which M0 growth had been depressed, reflecting low economic activity.

The Treasury, meanwhile, says Britain's underlying foreign-currency reserves fell by $2.95bn in December compared with the previous month. The overall level of the UK's reserves fell by $433m in December.

More council job losses

Tens of thousands of job losses are set to be made by county councils over the next few months, in addition to the wave of redundancies announced before Christmas by large city authorities around Britain.

County councils are discussing draft budgets for next year. Prospects are growing of large-scale job losses in those counties, mainly in the midlands and the north, which are close to the spending ceilings announced by the government at the end of last year.

With education by far the biggest responsibility of counties, that will mean large-scale teacher redundancies, and large cuts in spending on schools.

New electoral reform bid

A fresh bid to persuade a sceptical opposition Labour party leadership to adopt electoral reform for the House of Commons is being launched amid signs that the tide is turning against any change from first-past-the-post.

In spite of growing controversy over the pace of the party's internal and policy reforms, Labour officials insist it is still far too early to predict the final conclusions of the Plant committee on electoral systems.

Properties 'under-valued'

The government has systematically under-valued properties in its classification of households under the council tax designed to replace the community charge, according to a new academic study.

Mr Paul Longley of Bristol University and Mr Gary Higgs of Cardiff University told the Institute of British Geographers annual conference that they had found substantial variations between the value of houses measured by asking price, and the valuation bands issued to local authorities last month.

Hoover staff accept offer

The 151 shopfloor workers at Hoover's washing-machine plant in Merthyr Tydfil who were taking the company to an industrial tribunal in Cardiff next week for unfair dismissal have agreed to accept a settlement under which they receive £3,300 each. A meeting of the men and women who were sacked in May 1991, held under the auspices of the Amalgamated Engineering and Electrical Union, overwhelmingly agreed to accept the company's offer made to each of them by letter just before Christmas.

Radio listeners' protest march

Irate Radio 4 listeners, angry at the prospect of losing their favourite programmes on long wave – the band used by many overseas listeners – plan to march on London's Broadcasting House in protest on April 3.

Campaigners are sceptical about the BBC's promises and claim FM is difficult to receive in many areas.

Moves on freight ferry

Two moves have been announced to fill the gap created by the closure on Monday of the Dover-Boulogne ferry service operated by P&O European Ferries.

The French company Opale Ferries, which operates a freight-only service between Boulogne and Folkestone, indicated that it was likely to add a second ship to the route in the near future because it was close to capacity even before P&O's decision.

Boulogne's Chamber of Commerce said it was seeking shipping companies prepared to invest in the ferry passenger route.

Concern over community care

Family doctors are unclear about new arrangements for community care that come into force in April, a British Medical Association survey shows.

It says 64 per cent of general practitioners are not confident that the government's local community care plans will be in place by April.

Pools operators change system

Football pools operators Littlewoods, Vernons and Zetters say they are changing the scoring system for the first time in more than 20 years to to increase the chance of having more big jackpots.

The move follows the announcement of National Lottery with its top prize of £1m a week.

Female executives have made great strides within the New York financial community but they are still not reaching the very top. **Patrick Harverson** reports

Women take stock of Wall Street

When Muriel Siebert became the first woman member of the New York Stock Exchange 25 years ago, a NYSE governor greeted her with the question: "How many more are there behind you?"

At the time it was an understandable, if somewhat hostile, query. In 1967 women were rare on Wall Street and most men wanted it kept that way. Two-and-a-half decades later, there are far more women working on Wall Street but they remain very much a minority, especially at the top executive levels.

In this respect, women in the securities and investment banking business face the same hurdles that women encounter in all the professions: they can easily enter the workforce, but it remains a struggle to earn promotion to upper-management levels. A "glass ceiling" appears to exist that keeps women from progressing further up the career ladder.

On Wall Street, the glass ceiling is particularly pronounced. While many women occupy lower and mid-level executive positions in sales, research, marketing and back office operations – and, to a lesser extent, in trading and investment banking – their numbers dwindle dramatically higher up the management hierarchy

Salomon Brothers, for example, has 159 managing directors, of which only five are women. Of the nearly 400 senior officers listed at the back of Morgan Stanley's 1991 annual report, about 8 per cent are women. At Kidder Peabody, five of its 115 managing directors are women, at Merrill Lynch the ratio is 29 out of 306, and Goldman Sachs has six women among its 165 partners.

At the very top of Wall Street – the chief executive level – women are notable only by their complete absence. Except, of course, at the discount broking house Muriel Siebert & Co. Siebert remembers the hurdles she faced in her earliest days when, as an industry analyst, she could not attend crucial company briefings because they were held in men-only private clubs.

She also remembers looking for a job in 1958 and not receiving any offers when she sent out her résumé under the name of Muriel Siebert. But she received plenty when the New York Securities Analysts Association sent out the same résumé under the name of M. Siebert.

While she says attitudes have changed considerably for the better during her career, Siebert maintains: "You have to dig in. I'm still a token in a number of places and I know it."

Ultimately, Siebert, an active member of professional women's groups, believes real equality will be achieved when women who gain power use it on behalf of other women.

Mina Baker Knoll, a tax partner at Deloitte & Touche in Manhattan and president of the Financial Women's Association of New York, takes a different tack from Siebert.

Knoll believes the ultimate responsibility for ensuring that women get an equal crack at promotion lies with managements and would like to see companies expending as much energy on "development and retention" of women executives as they do on encouraging women at the entry level.

She says that nobody can make it to the top on their own. "You need a mentor, you need role models, and companies need to focus on developing women in senior positions over the long term."

Her point is echoed by Joan Zimmerman of New York recruiting firm G.Z. Stephens: "There is no doubt that many firms, especially the bulge bracket firms [large integrated investment banking and broking houses] are concentrating hard on bringing in minorities and women at the entry level. What they need to deal with, however, is the promotability of these people."

The traditional arguments against promoting women were that they were too easily distracted by family commitments, or were ill-suited to the aggressive, deal-making world of high finance.

Although such arguments are rarely heard today – at least not publicly – some women who have prospered on Wall Street accept that it is especially difficult for a woman to run a firm. The head of fixed-income research at a big securities house says: "The sacrifices involved in running a firm are so enormous. Women are certainly capable enough to do it – but are they willing to put their life on hold? I don't think they are."

Women have been entering Wall Street in large numbers only in the last 10-20 years. Given that senior executives at most firms are in their late 40s and 50s, there are still not enough women nearing the managerial summit to be promoted to the top.

Many women occupy lower or mid-level executive positions on Wall Street but the trading floor remains a male bastion

Many women, however, see this as just an excuse. To them, the explanation for their lack of progress is that the Wall Street executives who make the decisions about promotion are men. Having spent their entire career in a business created by, shaped by, and dominated by men, these executives are simply not comfortable with the idea of working alongside, or for, women.

There are signs, however, that this attitude is changing. A growing number of Wall Street firms run programmes aimed especially at helping women (and minorities) to advance within their organisations. Knoll says: "Companies are talking a lot more about women's issues and lifestyle issues, and are looking for ways to respond."

Firms, however, are generally shy about publicising the existence of policies aimed at helping women, fearful perhaps that the publicity will draw attention to the lack of equality at senior management levels. Merrill Lynch is one of the few that admits it sets targets for its managers to reach in terms of how many women and minorities work in their departments.

There is no doubt that in some areas, such as the research departments of broking houses, women have a better chance of advancement. A few, such as Elaine Garzarelli of Shearson Lehman and Abby Joseph Cohen of Goldman Sachs, have gone on to become high-profile market strategists.

Women have advanced further in public finance, where the clients – states, municipalities, public pension funds – have increasingly demanded greater representation of women and minorities from their investment banking advisers. "When you represent state and local governments you're subject to more quotas and requirements," says one municipal bond market veteran.

Trading, however, remains a difficult nut to crack, (too "rough and tumble" says one women analyst, sarcastically), as does corporate finance, especially mergers and acquisitions.

"It is true that some senior managers think women are poor negotiators," admits an experienced female investment banker.

But some insiders still cannot recognise that women remain under-represented among Wall Street's elite. When the investment bank First Boston appointed a large number of new managing directors recently, a respected Wall Street weekly magazine noted that there were "many women" among the promotions. How many exactly? Of the 41 new appointments, six are women.

Pioneer who demands change at the top

MURIEL SIEBERT's appointment as the first woman member of the New York Stock Exchange on December 28, 1967, was unusual enough to warrant a front page photograph and article in the New York Times.

Since then, Siebert has become a familiar face, not just because she is a high-profile woman in a masculine world, but also because of her achievements in government – she was New York's superintendent of banks between 1977 and 1982 – and her work for charities.

Siebert has been a pioneer in more ways than one. On "May Day" in 1975 – when fixed commissions for stockbrokers were abolished in the US – her firm became one of the country's first "discount brokers" to cut transaction fees charged to investors, a move that earned her many enemies on Wall Street.

After more than two decades at the top, Siebert remains committed to her various causes – especially supporting women in business.

She says: "The men at the top of industry and government should be more willing to risk sharing leadership with women and minority members who are not merely clones of their white male buddies.

"In these fast-changing times we need different viewpoints and experiences, we need an enlarged talent bank. The real risk lies in continuing to do things the way they've always been done."

Resolute approach to good health

HEALTH CHECK

MANY of us soon find that the new year's resolutions we made with much enthusiasm only a few days ago quickly fall victim to the demands of business life. But it need not be that way if you derive real pleasure from the resolutions you make. My suggestion is to replace the stoic flavour of traditional resolutions with new priorities on improving your quality of life. The following should all be considered:

- Rekindle close relationships. A stress-filled business life can damage personal relationships. But remember that they are the key to your health and happiness.
- Respect your body and mind and listen to the signals they send you. Sleep when you are tired and eat when you are hungry instead of out of habit.
- Stay active. You may not like swimming and jogging. That's OK. There are alternative exercises ranging from chopping wood to going for long walks. Remember, diseases hate moving targets.
- Make alcohol part of a larger ritual; convivial dinners are a healthyful use of alcohol. Drinking alone is a problematic form of self-medication.
- Manage stress. Reading, yoga, music, sex, walking and meditation are constructive ways to relax.
- Quit smoking. There is no easy way out of this one. But if you do smoke, limit yourself to those cigarettes you really "enjoy". And smokers should avoid alcohol – it lowers their resistance.
- Develop hobbies that are totally absorbing, different from your job, fun and satisfying. If they involve your family, so much the better.
- There is mounting scientific evidence that the age-old axiom "laughter is the best medicine" contains more than a kernel of truth. Humour is the easiest way to reduce stress.
- Make enjoyment of life a priority. Keep in mind that life is your real career, not business or a profession.

Dr Michael McGannon

The author is the medical director of the Insead Business Health course.

BUSINESS AND THE ENVIRONMENT

Putting a lid on Chile's chimneys

Leslie Crawford reports on the slow process of cleaning up the world's biggest copper mine

Seen from the air, the Atacama desert is like an ancient parchment, creased by mining trails and sun-bleached into faded hues of browns and greys. Miles before reaching Chuquicamata's huge crater, you can spot the world's biggest copper mine by tracing the pall of sulphurous smog across the cloudless sky.

Chuquicamata's 14 furnaces smelt between 4,500 and 5,000 tonnes of copper concentrates around the clock. Their chimneys belch more than 750 tonnes of sulphur a day, as well as an undisclosed amount of arsenic and particulate matter.

When the desert winds blow away from this vast complex, Chuquicamata's 10,000 workers and their families breathe more easily. When the winds turn, it can be suffocating. Eyes sting, bronchitis cases soar and children must be kept indoors.

It used to be worse. Rubén Pedreros, Chuquicamata's environmental officer, says investment in two new furnaces has reduced sulphur dioxide emissions to half the levels of the mid-1980s.

Five electrostatic precipitators, each the size of a four-storey building, have also decreased the arsenic and dust escaping into the air. However, he admits emissions are still way above internationally accepted health standards.

Chuquicamata is about to embark on a \$300m (£200m) clean-up programme, the costliest ever in Chile, to comply with new environmental regulations. The new law, which came into effect on January 1, imposes stringent controls on sulphur dioxide and dust emissions, but it also gives the worst offenders a "reasonable" timescale to clean up their act.

In Chuquicamata's case, this is expected to take until at least 1998. The time lag is dictated not by the scale of Chuquicamata's problems, but by the fact that it is owned by the state copper corporation, Codelco, whose budget is set by the Finance Ministry.

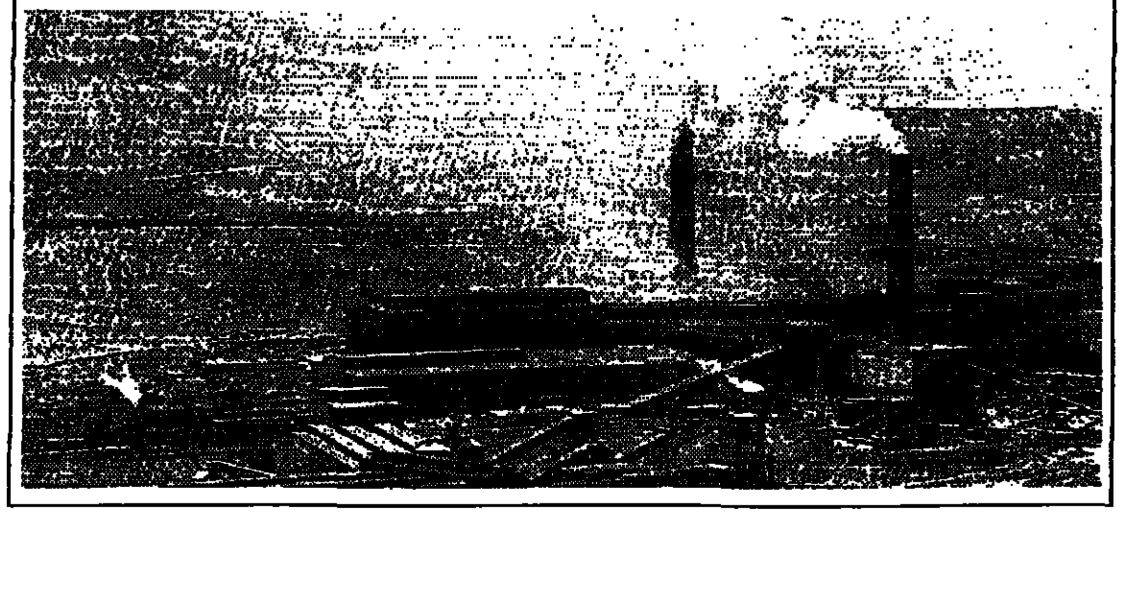
Codelco has been ordered to stagger its environmental programme because the government is concerned about checking the levels of expenditure in the economy. As the biggest company and exporter in Chile, Codelco has an enormous impact on the country's overall economic activity: it produces 13 per cent of the world's copper, generates about one-fifth of the government's yearly income, and close to one-third of Chile's total exports. "If we had the resources, we could solve Chuquicamata's pollution problems in two years," says Pedreros.

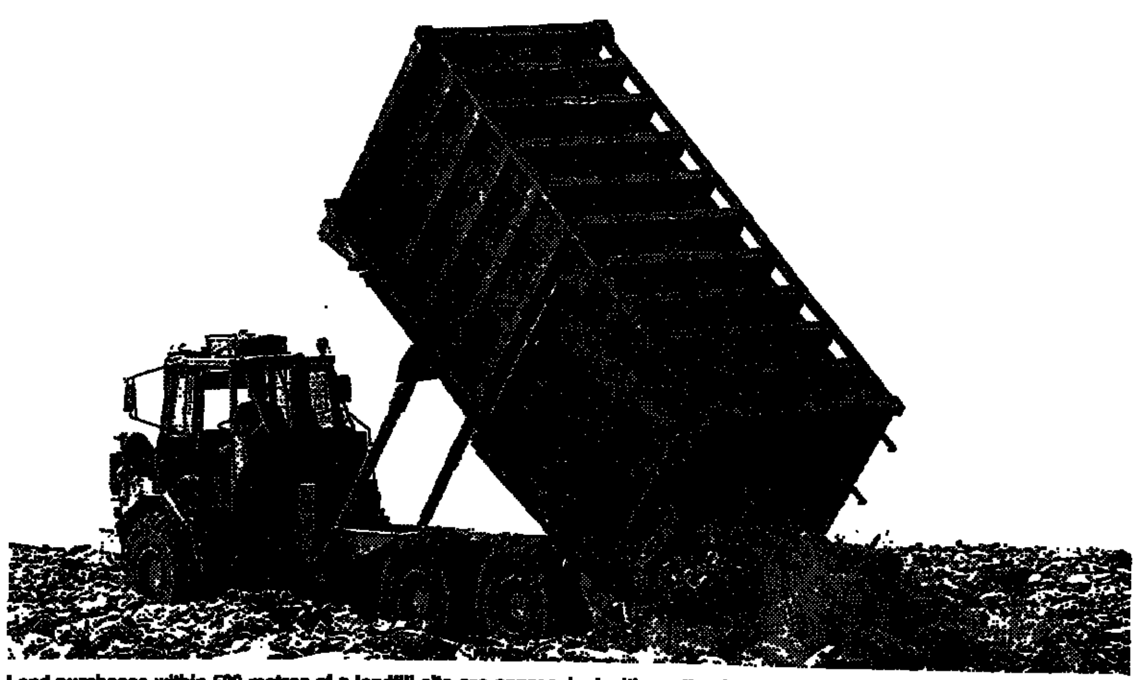
Instead, Chuquicamata's decontamination plan will be stretched out until the end of the decade, with a two-year hold-up after 1994 to allow Codelco to tackle Caletones, the copper smelter and refinery it owns south of Santiago.

Jorge Bande, Codelco's research and development vice-president, says the corporation will be spending between 15 and 20 per cent of its investment budget – about \$90m a year – on environmental control.

The greatest expense at Chuquicamata will involve replacing the old furnaces with new blast ovens, which are more efficient at trapping gases. More vats will have to be built to store sulphuric acid – a by-product of treating the sulphur dioxide emissions – which is now being used to leach copper from Chuquicamata's discarded waste material. The new furnaces will be attached to electrostatic precipitators which collect the arsenic and dust particles released by the smelting process.

The delays at implementing this programme, however, are potentially embarrassing for the government as it tries to act as regulator of the mining industry while owning the worst polluters. In addition to Codelco's three copper refineries, two other mining smelters are run by the state-owned Enami. In environmental terms, they are all in poor shape.





Land purchases within 500 metres of a landfill site are approached with caution because of possible gas migration

Leaks beneath the earth

Paul Cheeseright examines a pioneering method of treating landfill gas seepage

Unwittingly and certainly unwillingly, Ebourne Close, Kenilworth, may be on the verge of making chemical history. This 1980s UK housing development in Warwickshire sits on a claypit which became a landfill site. Its property values are blighted because the landfill is still releasing methane gas.

An experiment is starting to see whether it is possible to treat the methane gas at Ebourne Close, not by the orthodox means of extracting it, of allowing it to ventilate, but by treating it with a chemical based on sulphonic acid. The chemical, it is hoped, will kill the methane-producing bacteria.

Sulphonic acid is already used in cattlefeed. "It inhibits production of methane from organic acids in the intestines of livestock," explained Robert Eden, managing director of UKPS, a landfill technology company in Warwick University's science park.

With specialists from Imperial College, London and Warwick University, UKPS is forming a project team to treat "the root cause of landfill gas migration, instead of just tackling the symptoms with extraction equipment".

The technique is designed, Eden said, "to neutralise the methane in situ". In the old and very damp claypit under Ebourne Close, the material is largely inert debris but with organic matter resistant to decomposition or bacterial degradation. So the idea is to push a well to the pit's lowest point.

Water will be drawn up through the well, run through a treatment process involving the addition of chemicals based on sulphonic acid and pushed back into the pit from the perimeter. The circulation of the treated water through the pit will attack the methogenic bacteria producing the methane.

Success would have widespread implications for two reasons.

First, the problem of landfill gas is both nationwide and longstanding. In 1991, the Inspectorate of Pollution identified 1,006 gassing sites in England and Wales where, because there is residential or commercial property nearby, controls might be needed.

In a paper on waste management, the Department of Environment said "there is no typical figure for the length of time that landfill gas will be evolved, but at many sites significant gas generation can be expected to continue for a period which is likely to be at least 15 years after the last deposit of waste".

What has changed in recent years has been public perception of the problem. Alarm bells rang when, in March 1986, a bungalow exploded and households were temporarily evacuated at the Derbyshire village of Loscoe. Acknowledging "growing public concern", the department said one major area "is the evolution of landfill gas which, when inadequately controlled, has led to explosions, fires, dangerous gas concentrations in and around houses, odour nuisance and vegetation die-back".

The second big implication is both commercial and legal. Land purchases within 500 metres of a landfill site are approached with caution because of the possibilities of gas migration. Teresa Hitchcock of Dibb Lupton Broomhead, solicitors, observed that "initially clients get concerned when they hear land has been a waste tip or landfill site; they become more so if the tip has not been regulated".

The position is further complicated by the question of liability for any manifestations of gas: who is responsible for difficulties stemming from waste management decisions taken perhaps 20 years ago? Ebourne Close shows how complex the question can become.

Roger Braithwaite of Warwick District Council's environmental health department noted in a recent paper that the earliest documented evidence of tipping in the Ebourne Close area was a 1949 planning approval for clay extraction on condition the contractor undertook continual backfilling. The site went through several ownerships. It was used for tipping both by Kenilworth Urban District Council in the 1960s and by Warwick District Council in the late 1970s. Planning permission for the present estate was granted in 1980.

Routine investigations of the site by Warwick council led to the discovery of gas concentrations and, in August 1990, to the evacuation of 42 Ebourne Close, one of the worst affected houses.

The council has a statutory duty to inspect its area for nuisances such as landfill gas. But this raises three snags.

The first relates to action. "Where a statutory nuisance exists, the local authority is obliged to take action against the person responsible. In this case, no action has been taken to date to abate the nuisance as no practical method of abating the nuisance is known," Braithwaite wrote.

The second snag is deciding who is responsible for the gas at Ebourne Close, given the site's chequered history. The third is deciding who should pay to rectify the problem.

Provisions of the Environmental Protection Act 1990, coming into force next April, should cut through some of these complexities by pinning financial responsibility for former waste tips on their owners. As the latest guidance from the department of environment makes clear, local authorities "must be satisfied that the condition of the land is unlikely to cause pollution of the environment or harm to human health" before they accept the surrender of a licence granted to deposit waste.

The new regulations, then, are a stimulus to the search both for a means which will prevent landfill sites from leaking gas in an uncontrolled way, as is the case at Ebourne Close, and for a technique which will eliminate years of controlled ventilation as at Loscoe.

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ARTS

Omar Ebrahim and Fiona O'Neill in 'The Vampyr', BBC2's fizzing cocktail of operatic sex and gore

Television/Patricia Morison

Lots of blood in the soap dish

As you may have gathered, one way of starting the new year at a serious social disadvantage is not to have seen *The Vampyr*, BBC 2's soap opera cum blood-bath set in the luxury apartments and river frontages of Docklands. Unhappy creature, you missed the quintet of the car-wash attendants whose line, "London Transport makes me sick", rhymed not just with "quick", but also with "prick".

You also missed the socialites' black sabbath among the stuffed fish in the Saatchi Gallery, not to mention the soprano aria with synchronised swimming in the penthouse pool... And what good puns there were as the vampire, woken by a bulldozer from three centuries of slumber in a subterranean Docklands drain, profitted from a "cut-throat climate" to join the property developers and sink his teeth into their bimbo girlfriends and offspring.

But before you collapse from terminal regret, an omnibus edition of *The Vampyr* will be shown on Saturday at 9.55 on BBC2. The rest of us saw it screened as five half-hour episodes culminating last Sunday evening when, to a hushed chorus of "Jeeeesus Christ!", the stunned Sloanes congregated for a society wedding saw a cross plummet into the evil heart of Ripley the Vampyr. Cue for baritone Omar Ebrahim to sprout his fangs again and for yet another tidal wave of blood to engulf our screens.

The Vampyr is an adaptation (musically faithful, I am told) of an opera written in 1828 by Heinrich Marschner, a Bohemian born lawyer who throve when he turned to the opera business. According to Grove's, Marschner had a hand in the formation of Wagner, although to judge from this opera it was more like a finger-nail. So it was not great music, although the overture recurring nightly as the theme tune has since proved horribly hummable.

Janet Street-Porter and Nigel Finch produced and directed this magnificent exercise in operatic overkill, with Charles Hart (responsible for *Aspects of Love*) as librettist. As a fan of Opera Factory, I was delighted to detect everywhere the hand of another collaborator, the wonderfully inventive David Freeman.

It may be that *The Vampyr* will lose something in its omnibus version. After all, part of the joke was seeing how neatly a rather unremarkable 19th-century opera can adapt to being seen in instalments. I also wonder whether a fizzing cocktail of sex and gore (did you notice the wonderful canapés shaped like eyeballs at the gallery reception?) would be quite so funny swallowed at one go. Too much blood in the soap-dish just might begin to pall.

It was an interesting week on TV for property developers with an interest in both Docklands and the City. In its first week of taking over the ITV franchise, Carlton TV launched *A Day in the Life* (Tuesday 7.30), a series in which Desmond Wilcox visits London landmarks. This week's portrait to Docklands gave a voice to some of the local critics of London's "great white hope". However, in the main it was a blandly appreciative picture of a development project which in my view, produces the 1980s version of Devil's Island.

Just before the ferociously efficient Docklands PR lobby hits the phone, I wish to make clear that my views are not those of the carping section of the Press castigated on the film for knocking a place it has never seen. Admittedly, my two year stint in developing Docklands was before the kayak-club opened.

We met a cross-section of Docklands folk, from hyper-enthusiastic PR consultant Sunny Crouch to the ladies in the bingo-circle. Star turns were gnarled old dockers and stevedores, who pick crops of beans in well-manured allotments (pity I never found the Mud Flats riding school) and yarn about the past. The "place of huge dreams" began to look far less of a nightmare: memo for 1993, to board the Docklands Light Railway for another trip east.

Meanwhile, as Canary Wharf was a-building, the City of London was looking over her shoulder in a state of high, yet as it turned out, unjustified, anxiety. *Masters of the Universe* (BBC 2; Saturday) was much cleverer and more compelling than if it had been just another architectural ding-dong about what went right or wrong in the 1980s building boom in the City.

Brilliantly filmed, with just the right dose of tricksiness, this was a documentary which made one see what it might have been like to have been a major player in the transformation – or was it a rape – of the Square Mile.

Were they heroes or villains, the men who changed the skyline, built over roads and stations? One thing which emerged loud and clear was that the architects were merely the handmaidens to a process conceived and shaped by an alliance between planners and developers. Next time you sit next to an architect at dinner (spot him by the designer suit which has seen far, far better days), do remember that he is not responsible.

Beside models of some of the largest buildings this country has seen, Leon Krier brooded over a process which to him marks the impotence of the architectural profession and a profound failure to understand the way people want to live. The tragedy, he argued, was that there was no master plan, no integration between places to live and places to work.

But then, the key players reply, there just was no the time to hang about, with Canary Wharf set to ruin the City as a commercial centre. As property developer David King said, borrowing £100 million "is about as heady an experience as you can have in your lifetime." Where was the fun in messing about with a master plan when instead it was possible to be master of the universe, to have money for the asking and giant buildings to play with.

Recital/Max Loppert

Isabelle Vernet

The musical year begins well when London's leading recital hall plays host to a debutant singer of rich, strong vocal talent and personality. I first encountered Isabelle Vernet at the 1990 Aix-en-Provence Festival; the following year she gained a host of British admirers during the Cardiff "Singer of the World" Competition (of which she reached the finals); last year she sang at the Edinburgh Festival and at the Proms.

On Monday, she came to the Wigmore Hall to offer her first London song recital: the most searching test, and one passed with honour, if not flying colours. The young French soprano, pupil of Régine Crespin, has a voice of striking warmth and individual colours: even in music which seldom called for full-tilt outpouring, one gained a clear impression of its size and lyric potential. She approaches the characterisation of each song with winning directness; she communicates her responses with appealing candour; she displays uncommon freshness in the act of singing.

Miss Vernet had composed a programme – Fauré, Poulenc, Hahn, Duparc, Satie, Ravel and Manuel Rosenthal – entirely in her native language. In it she showed a remarkable ability to convey intimacy without ever slipping into the preciousness and arty miniaturisation that are the bane of French-song performance. (Her account of Fauré's "En sourdine" attempted, indeed, a risky full-bloodedness of emotional identification.)

The influence of her great and much-loved teacher is obvious in certain inflections of word-utterance; but it is an entirely positive influence, and therefore hardly to be regretted. In comic mode Miss Vernet sparkles: this likewise has benefited from the adoption of Crespin's elegant wit as its model.

What at present she seems to lack is absolute security of technique: cleanliness of line, freedom from breathy impurity in the tone. Too often, she sang – with vitality and quick-spirited address – words rather than phrases; too often, little bulges and bumps tended to get in the way of that unforced legato steadiness which should form the basis of Fauré and Duparc interpretation. There are not so many young French sopranos of this calibre before the public that one can afford to be sniffy of Miss Vernet's abundant gifts. Equally, one prays that those gifts will be developed and refined in the ways they so plainly require.

Music in 1992/David Murray

Two cheers for the Wigmore Hall

First, the praises of the renewed Wigmore Hall must be sung. Music-lovers have missed the place sorely since July last year. The Purcell Room, though recently much improved, remains a second-best London venue for solo recitals, chamber music and song (roughly equal with St. John's, Smith Square, which has different virtues and drawbacks). We never doubted Bill Lyne's word that the Hall itself would be left sacrosanct – just cleaned, and freshly re-pointed.

The complementary pleasure is the new café-bar-restaurant downstairs, handsomely designed and comfortable (excellent caterers, too). No Wigmore regular will think that a "mere" luxury, remembering the Dante-esque scenes in the old foyer whenever the house was sold out. There is room, however, for a seasonal quibble: on the new marketing policy, very few Bob Cratchits will get into any of the main concerts.

This is because seat-booking is now locked into an elaborate scheme of priorities. Should there be an artist or a programme that you particularly want to hear, just being quick off the mark will not be enough – for a large part of this small hall is reserved, months in advance, for people who have the time and the money to commit themselves to a whole series of concerts. Though one can recognise the commercial sense in that, it is hard on anyone whose time and/or money need careful husbanding.

With the new glamour of the place, I foresee the "House Full" sign going up more often than ever, and thriftier music-lovers all but excluded. A thought which the management might consider for future seasons: what about persuading the most popular artists to stay on for a second, non-series recital? There are not a few performers who could fill the hall twice over, even with the same programme.

As for series that qualify as "festivals", this year has been notably rich in them, from the BBC's Alban Berg mini-festival in January to the Barbican's triumphant celebration of Scandinavian music this month and last. These affairs get better and better planned, unrecognisably better than the grab-bags that were billed as "festivals" just three or four years ago. I was inclined to be sniffy about them, but they are becoming major attractions of every season now.

Even the much-reduced Almeida Festival scored effectively with its choice of new chamber-operas in July, though the concerts were hit-and-miss; and András Schiff's "Contrasts" series managed to sell a lot of dangerously recent music to his devoted audience, who are not by nature avant-gardists.

Only the London Sinfonietta, that band of dedicated modernists, has failed to strike lucky as often as it deserves. For all their canny programming (their retrospective sweep through past commissions, has been thoroughly impressive) and reliably brilliant playing, the Queen Elizabeth Hall is frequently under-filled for them – audiences are enthusiastic, but not numerous.

It *might* be the recession; but the most striking thing about public music in London has been how very many people *do* keep crowding into the South Bank halls, the Barbican, the Wigmore, not to mention the opera houses. Music is a solace, of course! – but compared with New York or Paris or Vienna we would seem to be wildly over-supplied with it. Yet, apparently, we are not.

Les Ballets de Monte Carlo/Clement Crisp

Diaghilev gems staged in Monaco

Frederic Olivieri and Vanessa Tamburi in Diaghilev's 'Le Spectre de la Rose'

It was rather like time-travelling. There, at the week-end, in Charles Garnier's ravishing little opera house in Monaco, were four gems from the Diaghilev repertory that had first seen this stage during the palmy years of the Ballets Russes. Whatever the architectural changes in the principality since Diaghilev's time – and the Opera House and the Casino, the Hotel de Paris and the Hermitage, seem the last bastions of the wedding-cake style that used to gleam everywhere in the sunlight – Monte Carlo is a shrine for ballet-goers, its name linked to some of the grandest dance achievements. (During the 1930s the very title was part of an incantation – *Les Ballets Russes de Monte Carlo* – that attracted audiences world-wide).

The Russian connection is slightly older than this century, and the shades of Grand Dukes and jewel-hung ballerinas haunt the theatre – and the casino. It was to Monaco's credit in the early, golden years of Diaghilev's enterprise, before the war swept away the Dukes and the diamonds, that the theatre should have provided a first home for the Ballets Russes; in 1922 Monte Carlo offered a permanent base for Diaghilev's troupe at a time of financial crisis, and thereafter the balletic connection was to remain potent.

It is fitting, then, that today's Ballets de Monte Carlo should cast a backward glance at those prodigious years with a programme of Diaghilev works: *Les Sylphides*, *Firebird*, *L'Après-midi d'un faune*, and *Le Spectre de la rose*, which had its very first performance at the Opera House. The stagings, as I saw them on Saturday and Sunday, were careful, albeit differing in certain accretions and emendations from the texts we know here (which are owed to members of Diaghilev's troupe, and which I find preferable). They have been decently mounted, and their scores sounded very well indeed from the Orchestre Philharmonique de Monte Carlo under David Garforth's baton.

In matter of dancing, performances were for the most part dutiful rather than inspired. Among the women soloists, Joelle Boulogne offered a delicacy of means which was most pleasing in *Les Sylphides* and for the Young Girl in *Spectre* – here was dancing fine-boned, fine-textured – and Claire Bayliss was very apt as the sylphide of the little waltz, the dance sitting sweetly on the music. As the Tsarevich in Firebird I admired both Jose Cruz-Martinez and Nicholas Musin (who was also seen as Nijinsky's Faun).

Yet throughout the programme, a vital element seemed lacking: some link with an interpretative past, which is the life-blood of the old repertory. Ballets survive not just by the careful transmission of steps, but through an imaginative contact with their performance history. Coaching in roles, that handing on of a playing tradition, is essential if today's casts are to succeed in these masterpieces. The Monte Carlo dancers, able, gifted, looked somehow uncertain dealing with the nuances of style that will keep such museum pieces alive in the theatre. That they can do so is not in doubt: Monte Carlo's ballet owes this debt to the history of its theatre and of dancing in this marvellous setting.

INTERNATIONAL ARTS GUIDE

■ BARCELONA

Zdeněk Košler conducts Barcelona City Orchestra in works by Reinecke and Dvořák on Fri and Sat evenings and Sun morning at Palau de la Musica (268 1000). The next production at the Liceu is La gazza ladra, opening Jan 25 (412 3532). Alan Ayckbourn's play *Absurd Person Singular* runs till Jan 24 at Teixidors Teatreneu, Terol 26. Information and booking for cultural events available through Caixa de Catalunya from 08.00 to 14.00 (310 1212)

■ BONN

Heinz Wallberg conducts Orchestra of the Beethovenhalle in Bruckner's Fifth Symphony tomorrow and Fri in the Beethovenhalle (773666)

■ COLOGNE

THEATRE

A Festival of Russian Theatre promoted by Theater am Sachsenring opens tonight and runs till Jan 16, with performances also taking place in Aachen, Bochum, Bonn and Cologne's Comedia Colonia. Performances are given by two companies founded during the era of Perestroika – St Petersburg Theatre, which presents Lermontov's Two Brothers and Chekhov's Uncle Vanya and The Wedding, and the Volgograd Experimental Theatre, a company focusing on popular contemporary drama, which will show its production of Semyon Zlotnikov's Man and Woman. Booking and information from Theater am Sachsenring (315015)

OPERA

Thomas Fulton conducts Willy Decker's production of Billy Budd tonight, Sat and next Wed and Fri in the Opernhaus, with a cast including Philip Langridge, Boje Skovhus and Monte Pederson. Tomorrow, Sun and Tues: Die Fledermaus. Fri: Hansel and Gretel (221 8400)

CONCERTS

Tonight in the Philharmonie, Frank Peter Zimmermann, Heinrich Schiff and Gerhard Oppitz play piano trios by Mozart, Ravel and Dvořák. Tomorrow: operetta concert with René Kollo. Fri: Edith Wiens song recital. Sun morning, Mon and Tues evening: Yuri Temirkanov conducts Gürzenich Orchestra in works by Glinka, Prokofiev and Rimsky-Korsakov, with piano soloist Nicholai Petrov. Next Wed: Charles Dutoit conducts Orchestra National de France. Next Thurs: Academy of St Martin in the Fields. Jan 17: Mitsuko Uchida and Martha Argerich (2801)

■ COPENHAGEN

Performances at the Royal Theatre resume next Tues with Carmen. This month's repertory also include Il barbiere di Siviglia, Lohengrin, Ariadne auf Naxos, Napoli and Caroline Mathilde (3314 1002)

■ FRANKFURT

MUSIC

Broadway musical 42nd Street runs daily till Sun at the Alte Oper (1340 400). Paul Taylor Dance Company gives a guest performance at Jahrhunderthalle Hoechst on Mon, followed on Tues by a concert by Orchestre National de France conducted by Charles Dutoit, with violin soloist Midori (3601 240). The Opernhaus has Die Fledermaus on Sat, Ruth Berghaus' new production of Der Rosenkavalier on Sun and Carmen next Mon, Wed and Fri (236061)

THEATRE

Schauspielhaus repertory includes Lorca's Dona Rosita, Schnitzler's Undiscovered Country and Djuna Barnes' Antiphon (2123 7444). English Theater Kaiserstrasse has Sandy Wilson's musical The Boyfriend, daily except Mon (2423 1620)

■ HAMBURG

A new production of Leonard Bernstein's musical On The Town opens at the Staatsoper on Fri. Tomorrow: Gwyneth Jones song recital. Sun and next Wed: Turandot with Gwyneth Jones and Marie McLaughlin. Jan 17, 24, 31: Die Walküre. Sun morning and Mon evening at Musikhalle: Gerd Albrecht conducts orchestral works by Bartók and Tchaikovsky (351721)

■ LEIPZIG

Tomorrow and Fri at the Gewandhaus, Jiri Belohlavek conducts Gewandhaus Orchestra in works by Martinu, Schumann and Poulenc. Sun morning and Mon evening: Lothar Zagrosek conducts MDR Symphony Orchestra in works by Schubert and Smetana, with piano soloist Cyprien Katsaris (7132 280). Tonight at Keller Theater, Leipzig Opera presents a mixed Offenbach bill, which continues in repertory for the rest of the month with the Jones/Schmidt musical The Fantastics and a new production of Little Shop of Horrors. There are no performances at the Opernhaus this month (7168 273)

■ MUNICH

OPERA

Tonight in Prinzregententheater: concert performance of Carmen, with a cast including Thomas Moser and Robert Hale. Tomorrow and Sun (also Jan 16, 19): Don Carlo with Margaret Price and Lando Bartolini. Sat in Nationaltheater: members of the Bavarian State Opera sing arias by Mozart and Strauss (221316). The programme at Gärtnerplatztheater includes Khovanshchina tonight and Sat, and Hansel and Gretel on Sun (201 6767)

CONCERTS

Tonight, tomorrow, Sat, Sun morning at Gasteig: Lutoslawski conducts Lutoslawski, with Munich Philharmonic Orchestra. Sun evening: Baltsa and Carreras sing opera arias (4809 8614). Next Mon, Tues, Wed in Prinzregententheater: Gianluigi Gelmetti conducts Bavarian State Orchestra in works by Webern, Dvořák and Prokofiev, with violin soloist Frank Peter Zimmermann (221316)

THEATRE

The Kammerspiele repertory includes Much Ado About Nothing, King Lear and Klaus Pohl's play about German xenophobia, Die schöne Fremde (2372 1328). The Residenztheater is preparing a new production of Romeo and Juliet, first night Jan 14. The repertory includes Ibsen's Ghosts, Ariel Dorfman's Death and the Maiden and Peter Flannery's Singer (225754)

■ NEW YORK

THEATRE

● Anna Christie: Eugene O'Neill's drama about a woman who tries to put her past behind her, reunites with her sea-captain father and finds true love and friendship. With a cast including Liam Neeson and Natasha Richardson. Now previewing, opens Jan 14 (Roundabout Theatre, 1530 Broadway at 45th St, 869 8400)

● My Favourite Year: a new musical based on the film of the same name, in which a freshman comedy writer chaperones a carousing film star through a live television performance (Vivian Beaumont Theater, 150 West 65th St, 239 6200)

● Someone Who'll Watch Over Me: American premiere of Frank McGuiness's drama about three western hostages in Beirut (Booth Theatre, 222 West 45th St, 239 62X)

● The Last Yankee: Arthur Miller's comic drama about two couples who meet in a mental hospital and try to make their marriages work (City Center Stage II, 131 West 55th St, between Sixth and Seventh Avenues, 581 1212)

● The Sisters Rosensweig: Wendy Wasserstein's new play about three American Jewish sisters who meet in London (Mitzi E Newhouse Theater, 150 West 65th St, 239 6200)

● Born to Rumba: a musical about sex, sin, sacrifice and self-deception in a pre-Castro Havana nightclub (Duo Theater, 62 East 4th St, 598 4320)

■ UTRECHT

Vredenburg 20.15 Ravel and Messiaen chamber music concert. Sat: Netherlands Radio Philharmonic Orchestra in an all-American programme. Sun afternoon: Jac van Steen conducts National Youth Orchestra in works by Stravinsky, Tchaikovsky and Shostakovich. Sun evening: Chris Barber Jazz and Blues Band. Next Tues: Prazak Quartet (314544)

European Cable and Satellite Business TV

(all times CET)

MONDAY TO FRIDAY

CNN
2000-2030, 2300-2330 World Business Today – a joint FT/CNN production with Grant Perry and Colin Chapman

Super Channel
0700-0710, 1230-1240, 2230-2240 FT Business Daily
0710-0730, 1240-1300 (Mon, Thurs) *FT Business Weekly* – global business report with James Bellini
0710-0730, 1240-1300 (Wed) FT Media Europe
0710-0730, 1240-1300 (Fri) FT Eastern Europe Report
2240-2248 FT Report

Sky News
2030-2100, 2230-2300 FT Business Weekly

SATURDAY

CNN
0900-0930, 1900-1930 World Business This Week – a joint FT/CNN production

Super Channel
0830-0900 FT Business Weekly

Sky News
1130-1200, 1730-1800 FT Media Europe

SUNDAY

CNN
1030-1100, 1800-1830 World Business This Week

Super Channel
1900-1930 FT Business Weekly

Sky News
0130-0200, 0530-0600 FT Media Europe
1330-1400, 2030-2100 FT Business Weekly

Seducer eyes a double prize

Paul Betts on Boeing's approach to Airbus partners

The future of Europe's most successful cross-border industrial partnership is under threat.

By luring two of the main partners in the European Airbus consortium to study the joint $10bn development of a new 550-800 seat super jumbo airliner, Boeing is attempting to consolidate its own global *dominance of* the civil *aircraft market* by driving a wedge between the four Airbus shareholders.

The US company, which controls a 55-60 per cent share of the world airliner market, yesterday con*firmed it was close to signing* an agreement with Deutsche Aerospace (Dasa) and possibly also with British Aerospace – two of the four Airbus partners, which also includes Aerospatiale of France and Casa of Spain – to study the development of a super jumbo.

Although Airbus officials sought to play down the implications of the Boeing move by suggesting discussions with Dasa and Bae were only at an "exploratory stage", the outcome of any agreement is bound to have a profound impact on the European aircraft industry. It could lead to a radical realignment of the entire commercial aerospace sector.

"Boeing is clearly trying to *seduce some of the Airbus partners* with strong north American aspirations in an effort to destabilise the consortium which has now become its main competitor," said an executive of one Airbus partner.

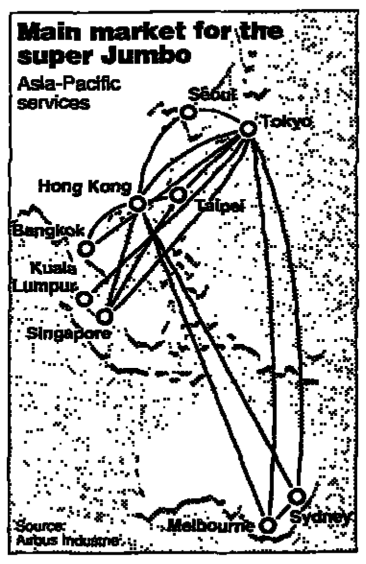
Mr John Hayhurst, vice-president of large aircraft development at Boeing, said the Seattle company had initiated discussions with Dasa over the super jumbo last year. Boeing is also discussing future supersonic aircraft development with the German company, part of the Daimler-Benz group, and has already agreed to exchange some engineers with Dasa.

Mr Jean Pierson, the Airbus chief executive, is expected to warn his partners today, during his traditional new year presentation of the consortium's prospects, of the risks of undermining Airbus at a particularly delicate stage in its evolution.

Over the past 20 years, Airbus has developed a broad family of aircraft, has captured 26 per cent of the world market, and is now starting to make inroads in the big long-distance airliner market, traditionally dominated by the Boeing 747, with its new A330/A340 widebody jets which will be delivered to their first airline customers later this year. But if some of the Airbus partners are tempted into joint development projects with Boeing, it could seriously undermine Airbus's own longer-term aircraft development projects.

Airbus, like Boeing, has also been studying the development of a 600-seat jumbo. It has already approached the big three Japanese aerospace manufacturers – Kawasaki Heavy Industries, Fuji Heavy Industries, and Mistubishi Heavy Industries – to become risk sharing partners in a super jumbo project.

"The design and development of this giant aircraft represents the next big challenge in commercial aviation," said Mr Adam Brown, the Airbus director of planning. The biggest demand for such an aircraft will come from the fast-growing Asia-Pacific air transport market, *according to* Mr Brown, making it all the more attractive for Japanese and other Asian manufacturers to participate in the studies and development of a super jumbo. Both Airbus and Boeing believe such an aircraft could be flying in regular airline service early next century.



The problem for Airbus is not only that it is having to adapt to the recession in the airliner market, scaling back production and rescheduling aircraft deliveries of financially strapped airline and leasing company customers. It is also contending with the conflicting ambitions of its partner companies and their national governments.

The current system on which the consortium is based – a French partnership called "Groupement d'Interest Economique" (GIE) – has also made it more difficult for Airbus to control its own future as all *strategic decisions must* first be approved by a supervisory board of representatives of the four partner companies. Plans to transform Airbus into a public limited company have been put on ice. But the latest strategic manoeuvres in the industry could now renew the impetus for such a change.

Boeing's move is not the first time US manufacturers have sought to unsettle European efforts to establish a strong commercial aerospace industry. Since the 1960s, US companies have regularly offered to co-operate with European manufacturers whenever the Europeans have sought to develop a new aircraft product.

When in the 1960s Sud-Aviation, now part of the French Aerospatiale group, was considering developing the Caravelle, McDonnell Douglas discussed co-operation but went on to develop its own, and much more successful DC-9 jet.

When Airbus was planning to develop a shorter version of its A300 widebody jet in the 1970s, Boeing tried to persuade British Aerospace to co-operate in development its 757 twin-engine airliner.

Like Airbus, Boeing is not in a position to develop on its own a new double-decker super jumbo aircraft at a cost of $10bn or more. The US manufacturer is currently in the process of developing a new widebody *aircraft, the 777, and is also* addressing the issue of renewing other products in its range. These include the smaller 737 narrowbody jet which competes against the newer Airbus A320.

Boeing has relied on the big three Japanese manufacturers as important partners on projects such as the 777 and the 767. But Boeing, which has also discussed Japanese participation in its super jumbo feasibility studies, has been reluctant *to give the Japanese companies an* equity or profit sharing role in its programmes. Boeing has clearly been unhappy over Airbus attempts to forge a close relationship with the Japanese manufacturers.

Boeing's Mr Hayhurst believes there will be room for only one super jumbo programme. By attempting to secure the support of both Dasa and BAe, two companies keen on expanding their presence in the US, Boeing is seeking to steal a march *on its* European *rival*.

It has timed its move carefully and cunningly, taking advantage of a moment when moves towards greater European political and economic unity are under strain and the European aerospace industry is undergoing a new restructuring phase. The fact that two of the four Airbus partners are even considering collaboration with Boeing is a sign that the Airbus partnership may be starting to waver.

Edward Mortimer

What we should have done

Western governments must learn from their failures in Yugoslavia to prevent similar tragedies elsewhere

Everyone must be hoping 1993 will be less of an *annus horribilis* than 1992. But in terms of war and destruction in eastern Europe it could well be worse, unless western governments drastically improve their performance. To help them, I have drawn up a list of actions by which they might have averted successive tragedies in Yugoslavia, had they taken them at the right time.

● Early 1991. The EC could have informed all parties that (a) it would give no further assistance to Yugoslavia until the six republics had all agreed on a new democratic constitution (presumably a confederal one); and (b) it would not recognise or assist any republic that unilaterally seceded. (But most west European leaders were not thinking about Yugoslavia then. They were preoccupied with the Gulf war.)

● June-July 1991. When the Yugoslav People's Army (JNA) began military operations against Slovenia, the EC could have responded by according immediate diplomatic recognition to that republic, while *warning the Croatian government it* could only expect the same support if it reached a power-sharing agreement with the Serb minority.

● Autumn 1991. The EC and the international community as a whole should have responded much more firmly to JNA and Serb attacks on Croatia, notably by imposing an oil embargo and using naval power to stop the bombardment of Dubrovnik and other coastal towns.

● January 1992. The Twelve should *have withheld recognition of Croatia* until the conditions set the previous month on constitutional freedoms and minority rights were fully satisfied. They should not have called for a referendum in Bosnia-Hercegovina, but should have made it clear they would recognise that republic as independent only when it had a constitution agreed between the elected leaders of all three communities. Similarly, they should not have quibbled about the *name of Macedonia, but made* recognition of it conditional on a power-sharing agreement between its Slav and Albanian communities.

● Spring-summer 1992. Having recognised Bosnia-Hercegovina as an independent state and admitted it to the UN, other states should have come to its assistance. They were not obliged to intervene directly in the Bosnian civil war, but the UN Security Council could have ordered Serbia, Montenegro and Croatia to stay out of it. Those *three republics could have been told* to take effective steps, under UN supervision, to prevent armed men, weapons or strategic supplies from going into Bosnia; and if they refused could have been subjected to serious economic sanctions, enforced *strictly from the start*, on land, sea and river. More should have been done, and sooner, to help Mr Milan Panic and other pro-peace politicians get their message across to the Serbian electorate.

Alternatively, if western powers were unable or unwilling to protect Bosnia from external interference, at very least they should have allowed the government they had recognised, and the Moslem community from which it drew its main support, to obtain weapons to defend themselves against aggressors who were already heavily armed and extremely ruthless.

● Summer-autumn 1992. Having recognised Bosnia-Hercegovina but *failed to defend it, and having* helped thereby to bring about the civil war and determine its course, western powers must be considered morally responsible for the appalling fate that befell the Moslem population. They were therefore, and in my judgment are still, under a moral obligation to intervene directly to save that population, securing it in a "safe haven" as they had done the Kurds of northern Iraq the previous year. That would not solve the political problem, but *would at least* give the victims a space in which to survive while a political solution is sought.

Instead, the west has contented itself with half measures. Grudgingly and belatedly it has sent in troops, under UN command, to try *and ensure that supplies* reach what is left of the beleaguered civilian population. But it has failed to face up to the logic of this intervention. *If troops* are needed *to* get supplies through, it is because unescorted *supplies* are subject to obstruction. Sending troops therefore implies a will to confront the obstructors; yet that will seems to be lacking.

It is futile to talk of "enforcing" the no fly zone and simultaneously of "avoiding confrontation". Enforcement implies confrontation: you cannot have one without the other. In their desperation to avoid this unpleasant fact, western leaders resort to absurd alternatives such as the proposal to cut off tele*communications with Serbia* – which would only help Mr Slobodan Milosevic to keep the Serbian people isolated in his private world of paranoid fantasy.

The anxiety of British and other ministers about endangering the lives of their troops, or "getting sucked into a quagmire", is understandable. But was it necessary to advertise this anxiety at every stage, thereby relieving the Serb leaders of fears about the consequences of their actions?

This has given to them, and to other nationalist leaders throughout the region, the idea that their best hope of *reaching a satisfactory* "solution" of their problems is to impose a swift *fait accompli*, relying on the west's reluctance to intervene, and make it irreversible as fast as they can. If Mr Milosevic and his allies have so far refrained *from* attempting an "ethnic cleansing" of Albanians from Kosovo, it is surely because they are already militarily overstretched and because even for them getting rid of 90 per cent of the population appears a daunting task, rather than because they fear an effective western reaction.

And it is not only they who are drawing conclusions. Mr Vladimir Meciar, the Slovak leader, has already adopted the *fait accompli* strategy by building the Gabcikovo dam on the Danube, in defiance of neighbouring Hungary. He will no doubt do the same in quelling any opposition from the Hungarian minority *within* Slovakia. But who is to say that Hungarian nationalists, on their side, will not take a leaf out of his book? Some of them can already be heard arguing that, since Czechoslovakia and Yugoslavia have now both dissolved, the frontiers Hungary had to concede to them in 1919 are no longer sacrosanct and the Hungarian minorities in Slovakia and Vojvodina (northern Serbia) should no longer be left outside their motherland.

Similar arguments are being used by Russian nationalists eager to help their compatriots left behind in other ex-Soviet republics, and by the leaders of some of those republics to justify discrimination against Russians, whom they see as the potential fifth column of a new Russian expansionism.

Mr Cyrus Vance and Lord Owen have done well to produce a peace plan for Bosnia-Hercegovina that looks workable, and even better to focus the world's attention, at last, on the central issue: the insistence of the Serb leaders on wielding exclusive sovereignty in the areas they control. But it is important to understand that their plan only looks workable because it takes account of "new realities", and thereby in a sense ratifies the methods by which those realities were brought about. For nothing can reverse the destruction of towns and villages accompanied by mass murder and other atrocities. Even if the actual buildings are rebuilt, the atmosphere of unthinking trust in which different ethnic communities once lived intermingled is impossible to restore.

LEGAL NOTICES

No. 0012046 of 1992

In the High Court of Justice

Chancery Division

Mr. Registrar Buckley

In the Matter of Trinity Insurance Company Limited

and

In the Matter of the Companies Act 1985

NOTICE IS HEREBY GIVEN that by an Order dated the 10th day of December 1992 the Court has directed a Meeting of the Creditors of the above-named Company (hereinafter called "the Company") to be convened for the purpose of considering and if thought fit approving (with or without modification) a Scheme of Arrangement proposed to be made between the Company and its said Creditors and that such Meeting will be held at The Glaziers Hall, 9 Montague Close, London Bridge, London SE1 9DD on Thursday the 12th day of February 1992 at 11 o'clock in the forenoon at which place and time all the aforesaid Creditors are requested to attend.

Any person entitled to attend the said Meeting can obtain copies of the said Scheme of Arrangement, forms of Proxy and copies of the Statement required to be furnished pursuant to Section 426 of the above-mentioned Act at the registered office of the Company or at the offices of Price Waterhouse at No.1, London Bridge, London SE1 9QL during usual business hours on any day (other than a Saturday, Sunday or a Public holiday) prior to the day appointed for the said Meeting.

The said Creditors may vote in person at the said Meeting or they may appoint another person, whether a Creditor of the Company or not, as their Proxy to attend and vote in their stead.

It is requested that forms appointing Proxies be lodged with the Joint Provisional Liquidators c/o the Company at P.O. Box 102, Gloucester GL1 1YJ not less than 48 hours before the time appointed for the said Meeting but if forms are not so lodged they must be handed to the Chairman at the said Meeting.

By the said Order the Court has appointed Richard Boys-Stones or failing him Colin Bird to act as Chairman of the said Meeting and has directed the Chairman to report the results thereof to the Court.

The said Scheme of Arrangement will be subject to the subsequent approval of the Court.

Dated this 31st day of December 1992.

Stephenson Harwood
One, St. Paul's Churchyard
London EC4M 8SH (Ref 45)

Solicitors for the Company

Registered Number 1897764
PRS SALES LIMITED
IN THE MATTER OF THE INSOLVENCY ACT 1986.
NOTICE IS HEREBY GIVEN that we Margaret Elizabeth Mills and Alan Robert Bloom of Ernst & Young, Becket House, 1 Lambeth Palace Road, London SE1 7EU were appointed Joint Administrative Receivers of the above company on 30 December 1992 by Barclays Bank Plc.
Dated this 30th day of December 1992.
M E Mills and A R Bloom,
Joint Administrative Receivers.

COMPANY NOTICE

THE FIRST MEXICO INCOME FUND N.V.
Incorporated in the Netherlands Antilles
NOTICE OF DIVIDEND

Shareholders are informed of a dividend distribution of US$ 0.68 per share of Common Stock declared on December 22, 1992.

The Dividend Record Date and the Ex-Dividend Date will be January 8, 1993. The Dividend Payment Date will be January 15, 1993.

Payment of the dividend on the bearer shares will be made against surrender of coupon no. 10 detached from the share certificates which for this purpose shall be lodged at :

Pierson, Heldring & Pierson N.V.
Rokin 55, Amsterdam, The Netherlands.

which acts as Paying Agent on behalf of the undersigned.

PIERSON TRUST (CURACAO) N.V.

PERSONAL

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Abolish housing subsidy

From Mr Mark Antrobus.

Sir, I read with amazement recent government proposals to encourage the private rented housing sector. That the rented sector needs encouragement is all too clear. But a government which still claims to believe in free markets is in effect now considering the introduction of a serious market distortion to compensate for another – involving moreover the spending of billions of pounds.

The private rented sector has been crowded out largely by the need for private landlords to charge high rents. This results from the inflation of house prices and the need to set rents which will provide an adequate return on capital.

The fall in house prices is therefore to be welcomed, but to ensure a permanently lower level of house prices and to remove the distortion in favour of owner-occupation, the government should abolish mortgage interest tax relief.

This subsidy can be abolished with immediate effect for everyone who took out their mortgage before Black Wednesday, as the reduction in interest rates since then more than offsets the removal of this subsidy in most cases.

The resulting long-term reduction in house prices would be good news too for private buyers and providers of *housing for social renting. If* funds are available I suggest a means-tested but generous housing benefit available to both renters and buyers.

Mark Antrobus,
2 Vinson House,
Cherbury St, London N1 6TS

BNFL confident that Thorp plant will be unwrapped

From Mr John R S Guinness.

Sir, In your leader, "Thorp in trouble" (December 31), you state that British Nuclear *Fuels must fear that its Thorp* plant is a Christmas present it will never unwrap. Not true. BNFL would only have such fears if we doubted the professionalism and integrity of the regulatory bodies concerned, namely Her Majesty's Inspectorate of Pollution and the Ministry of Agriculture, Fisheries and Food, or if we did not believe in Mr Major's government's commitment to economic growth, which is incompatible with turning Britain's second largest industrial project into this country's largest white elephant.

As we entertain neither proposition, we remain confident that we shall obtain the necessary authorisations from HMIP *and Maff to enable* this environmentally sound project, with its £9bn of firm advance orders, to start up.

Could I correct three factual points in your editorial. First, contrary to the misinformation put out by Greenpeace, which it has agreed not to repeat, there is no credible risk of our German or Japanese customers withdrawing from their contracts. On the contrary, the chairmen of the two German utilities claimed by Greenpeace to be considering their position have written to me to confirm that they intend to honour their contracts.

Second, BNFL has not suggested the decommissioning costs of Thorp will be £1.2bn, but rather £750m in 1989 money or about £900m in January 1993 money.

Third, we have repeatedly made it clear that these decommissioning costs will be fully written off over *the first 10* years of Thorp's life. We expect the plant to be in operation for at least 20 years and, as in the case of BNFL's Magnox power stations, it could well be profitably extended further.

John R S Guinness,
chairman,
British Nuclear Fuels plc.
65 Buckingham Gate,
London SW1E 6AP

Learn from US

From Niel Sebag-Montefiore.

Sir, President-elect Clinton's plans for introducing voluntary national service ("Citizens corps to the rescue", January 4) was encouraging. It should make higher education more *available to all, improve the* workforce's skills, and help to create a community spirit. The sadness is that none of the three UK political parties has yet decided to emulate Clinton.

Niel Sebag-Montefiore,
180 Kensington Park Road,
London W11 2ER

Ruff universe theory may be a cut above the rest

From Mr Charles Taylor.

Sir, The missing mass in the universe is indeed an intriguing mystery. As one who tried to tie up all of 1992's loose ends in the time between Christmas and the new year, I turned to this more tractable problem and came up with a much simpler idea than the invisible matter explanations suggested by Clive Cookson ("Mystery of missing mass", December 29).

Imagine that our familiar *three dimensions could* somehow be squashed down on to the two dimensions of a gigantic strip of lace and then elegantly bent back and forth to make an enormous Elizabethan ruff. And suppose that light and matter could not leave the ruff's surface but gravity could. Then in any two-dimensional locality where not much matter was present, one might still feel some big gravitational effect from bodies in a neighbouring ruffle.

In fact, depending on the closeness of ruffles, inhabitants of this crinkly universe might experience many times *the gravitational pull* they would expect from observing *within the ruff's surface* the density of matter.

Mr Cookson tells us that astronomers observe precisely this of our unsquashed universe. So perhaps there is no need to squash our universe down and fold it up to get crinkliness. Perhaps, rather, the fact that we observe extra gravitational attraction in space is evidence that our universe is already crinkled up in some fourth dimension.

What else? Could black holes be points where the "lace" of one "ruffle" touches the next? Could the Great Wall simply be a manifestation of crinkliness on a gigantic scale? Ingenious explanations for all sorts of observed cosmic irregularities and singularities might follow.

Perhaps crinkliness occurs at several different scales. Could that explain why quanta – which always seemed rather arbitrary to me – *appear as* bitty as they do?

But the real appeal of crinkliness as an idea is that, if true, we are much closer to other planets and galaxies than our conventional geometries tell us we are. Until now, it has been depressing to think that the stars are utterly beyond our practical reach. It would be wonderful if there were short cuts – jumping from one ruffle to the next, so to speak – so that, in due course, like the USS Enterprise, spaceships might carry man great distances across space.

Charles Taylor,
3911 Argyle Terrace NW,
Washington DC 20011,
US

University pretenders face squeeze

From Dr William Owen.

Sir, Your confidence ("University challenge", January 5) that an expanded, better equipped further education service will serve only to produce thousands of qualified entrants for the "new universities" to choose from is misplaced.

Colleges of further and higher education have many advantages. Most staff are as well qualified as their "new university" counterparts; the colleges are within travelling distance of the customers' homes; they offer academic and vocational qualifications; and at many, a student can start at the lowest level and go through to degree and beyond.

Given that the "boom" in student applications will continue as long as this level of unemployment is with us, the news that numbers going into higher education are to be limited while further education is to be expanded will be the green light for the more forward-looking college managements. Colleges will recruit and hang on to their students and, while the real universities will still attract their share of customers, the squeeze will be on for the pretenders.

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Wednesday January 6 1993

Airbus hits crosswinds

THE REVELATION that Boeing is in talks with half of the Airbus consortium about developing a super-jumbo airliner should make the governments of Europe sit up and take notice. Airbus is the EC's most successful example of state-sponsored industrial planning. The Boeing deal could threaten its ultimate dissolution. It would also raise questions of competition on a global scale, since the proposed new consortium could end up as monopoly supplier to the top end of the world market.

The deal might be blocked by the competition authorities on either side of the Atlantic, since US or EC airlines would have a reduced choice of supplier. But it is conceivable that a product with development costs of $10bn is a natural monopoly, on the grounds that the market is not big enough to support duplication of effort. Indeed, perhaps only a transatlantic consortium of the type proposed could undertake it. If so, to block the deal would be to deny the market the product. It might thus be sensible to allow the consortium to proceed and submit it to some kind of global regulation.

The separate question then arises of why such a consortium should not involve Airbus as a whole, rather than only two of its members. It is perhaps too early to rule that out. If Boeing secures the agreement of the German and British partners, there will be considerable pressure on the French and Spanish partners to fall into line. This would have the effect of introducing US influence into a showcase EC project. But if Airbus's partners are already breaking ranks, the alternative might be the ultimate demise of almost the only serious competitor Boeing faces on the world stage.

But other steps are needed as well. The apparent willingness of the British and German partners to consider throwing their lot in with Boeing shows how urgent it is that Airbus's shaky structure should be strengthened. In particular, it is high time that Airbus moved forward to the status of a conventional public company. The French government, which is a partner through its ownership of Aerospatiale, might not relish its new status as a mere minority shareholder. But to the extent that Airbus is an irrational structure, it is the fault of governments. It is the job of governments to sort it out.

Whether Airbus deserves nurturing as a beacon of EC industrial policy is a more debatable question. The EC is not alone in identifying aerospace as one of the key industrial growth areas of the future. Ultimately, though, it is no more sensible to lose money in a growing market than in a declining one. Airbus has been a huge drain on public funds for years, and its finances remain opaque. If it is to serve as an example of industrial policy, the minimum requirement is that it should make the kind of profits appropriate to a public company. Not the least argument for a conventional corporate structure is that taxpayers would be provided with published accounts to help them judge that for themselves.

Franc besieged

THE NEW year begins where the old one left off, with a tug of war over the French franc. On one side are investors increasingly doubtful about the ability of any French government to sustain interest rates at current levels. On the other side is the French political establishment, aided at least rhetorically by the German.

As the pull from the markets has increased, so has the need to pull still more strongly on the other side. Yesterday, therefore, the Banque de France temporarily replaced its five-to-10 day lending at an interest rate of 10 per cent by an overnight rate of 12 per cent. More significantly, the Bundesbank and the Banque de France said that they "will pursue their close co-operation in order to ensure the proper functioning of the ERM", this being an apparently stronger statement than the one released last September. As important was the commitment by Mr Michel Sapin, the finance minister, to an independent Banque de France, which creates a consensus on this policy among the respectable French parties.

The question is whether the authorities have done enough.

Interest rate increases are not particularly effective even in a country that is able to shield the bulk of borrowers from the effects of higher rates in the money markets. When the problem created by the exchange rate link is excessively high interest rates, any battle won by still higher rates would, think the markets, not be worth winning. But by thinking this, investors ensure it is true.

The Bundesbank's commitment is far more important. At the limit the Bundesbank can guarantee the exchange rate, though that would threaten domestic monetary control. Whether it would go that far is at least dubious. But the possibility that it might will give people who are selling the French franc short pause for thought.

Commitment to an independent central bank increases the credibility of the current policy, by making it easier to believe that the French authorities will keep interest rates up for longer. But it also makes the alternatives more palatable. Should the franc be forced to float, for example, central bank independence would increase the likelihood of its remaining strong. An independent Banque de France would also increase the chance of German acceptance of early monetary union as an alternative to disarray.

This then is a good try by the Franco-German authorities. But it will not be enough on its own to ensure the present parity. What is needed for this is confidence that French monetary policy will soon be eased. No statement, certainly no statement by the French authorities, can create such confidence. But they have done what they can to win the present tug-of-war and have made the fall-back positions more attractive as well.

Brazil's third way

BRAZIL HAD a horrible 1992. It lost a president on corruption charges and perhaps its position as the world's ninth largest economy to China. It suffered zero growth, annual inflation of 1,200 per cent, three-digit real interest rates and a budget deficit equal to two-fifths of economic output.

President Itamar Franco, who took over three months ago from the deposed Fernando Collor, wants to make job creation a priority and to attack poverty through a sharp increase in the minimum wage. Officials talk of boosting government spending on infrastructure, health and education.

There is no doubting the importance of rebuilding infrastructure, improving public services and alleviating poverty in Brazil. The problem is that a government without financial resources cannot begin to address these issues.

This is why, although he may not realise it, fiscal reform should be Mr Franco's priority. Only through such reform will the budget deficit be closed, inflation subdued, interest rates lowered and confidence restored. Without it, Mr Franco's plans to better the lot of the poor and restart growth will be lost in an inflationary fog.

Brazil's Congress has a chance at a special session next week to introduce long-overdue fiscal reform. This will not produce a long-term solution, which must await fundamental constitutional changes later this year. If Mr Franco spends the money rather than closing the deficit, it will not even offer short-term relief.

Fiscal reform is by no means the answer to all Brazil's problems, but the example of the rest of Latin America should be enough to convince Brazil's politicians that it is a necessary start.

Despite this, there still seems a view in the Brazilian elite that Brazil need not heed the lessons of its neighbours, which have pursued freer, more open markets and balanced budgets, and should seek a "third way" to solve its economic woes. But even a third way would require the country to generate growth through efficient investment. That would require a taming of inflation, and a curbing of the budget deficit. In other words, there is no escape from the central, tough decision.

Tough decisions are hard in Brazil's diffuse political system. The 1988 constitution, fashioned as a reaction to 21 years of military rule, so surrounds the government with checks and balances that only in unusual circumstances can it rule effectively. Mr Franco had such a rare opportunity when he took office, enjoying huge support in Congress and in the population. It is to be hoped that he has not already missed it.

It is often said that the reason that Brazil has never tackled its economic malaise is because, unlike in neighbouring countries, its problems have never got bad enough. There is an unpleasant risk that 1993 will be the year in which this state of affairs changes.

Ford's fortunes are riding on the success of its new family car, launched today, writes **Kevin Done**

A model to smash the mould

In the biggest roll of the dice in its history Ford today unveils a range of large family cars, the Mondeo, which is destined to determine its fortunes in Europe and north America during the 1990s.

The gamble comes with a price tag of about $6bn, as Ford seeks to demonstrate that, for the first time, it is capable of developing a range which can be both manufactured and sold in the two continents.

The six-year Mondeo programme, code-named CDW27 since its conception in the mid-1980s, is the most ambitious and costly programme undertaken by the US vehicle maker. It marks a radical break with Ford tradition.

The Fiestas, Escorts, Sierras and Granada/Scorpios sold in Europe have little, if anything, in common with the Ford Escorts, Tempos, Taurus and Crown Victorias sold in north America. Traditionally, the north American and European operations of the world's second-largest vehicle maker have operated as independent fiefdoms, guarding the right to design, develop and manufacture for their markets.

Below the top management level there has been an ingrained scepticism and mistrust towards product ideas emanating from the other continent. The Mondeo is supposed to break the mould.

For Ford of Europe the launch comes as the company battles against two years of heavy losses and declining market share. It is cutting more than 10,000 jobs or 11 per cent of its workforce across its European operations. Largely developed at Ford's European R&D centres in Germany and in the UK, the Mondeo is set to replace the Sierra in Europe, where it goes on sale in March, and the Ford Tempo/Mercury Topaz in north America, where it will be launched in 1994.

Sales of the 11-year-old Sierra have been falling in the past two years. Ford urgently needs a new product in the large family car market, which accounts for about 20 per cent of the total west European new car market. Competition in the segment is becoming intense, however. The Sierra has been sidelined by more powerful rivals, General Motors' Opel Vectra/Vauxhall Cavalier and Volkswagen's Passat. This is the market targeted by Japanese carmakers for their first European-built cars, the Nissan Primera, Honda Accord and Toyota Carina, now in production in the UK.

For Ford, the significance of the Mondeo project goes well beyond Europe. It has reformed its engineering and manufacturing infrastructure in America and Europe to break down entrenched barriers between the two, as it has set out to develop a mainstream car acceptable in both markets. The Mondeo will be assembled at Ford's Genk plant in Belgium – volume production started this week – and at Kansas City in the US.

The same family of four-cylinder engines will be made at plants in Bridgend in the UK and at Cologne in Germany for Europe, and at Chihuahua in Mexico for north America. A top-of-the-range aluminium V6 engine will be made at Cleveland, Ohio, for both the US and European-produced cars. Manual transmissions will be made in Europe at Halewood, Merseyside, in the UK and at Cologne, while an electronically controlled, four-speed automatic gearbox will be made in the US. After a global search, common component producers have been chosen to supply both the European and north American assembly plants.

Ford's top management has long been tantalised by the holy grail of the so-called world car, and by the savings that should be achieved by developing a product once for both manufacture and sale in different continents. It has tried before to develop a world car, but the Ford Escorts launched at the beginning of the 1980s in Europe and north America ended up with little more in common than the name and the blue Ford oval badge on the bonnet.

Mr Philip Benton, Ford president until he retired at the end of December, was one of the company's most outspoken champions of "global car" development. He claims that the Mondeo is "writing a new chapter" in Ford's world-car story, incorporating many lessons from the troubled Escort programme, where the company set up two distinct product development teams, one on each side of the Atlantic. "When there were opportunities to deviate from the shared engineering plan, both teams made the most of them, protecting their own turf and defending their own ideas about what constituted the 'right' product," says Mr Benton.

For Mondeo, Ford has developed a global technical communications system to gather critical engineering information and to distribute it to the group's design and manufacturing engineers in a common language. Eventually the network is supposed to unite 20,000 engineers in north and south America, Europe, Australia and the Far East.

Ford claims that the most immediate advantage from a global programme like Mondeo is in direct development and investment costs. "A global company can concentrate its resources where they will be used most efficiently," says Mr Benton. He says there is also an "enormous" potential for improvement in quality, and product options such as engine size can be simplified.

A global car programme also offers greater cost-effectiveness through the worldwide sourcing of components, both from inside Ford and from outside suppliers, Mr Benton adds. For the Mondeo programme alone Ford will be spending $2.5bn a year on components bought from outside suppliers.

According to Mr Albert Caspers, Ford of Europe's director of manufacturing, the share taken by north American suppliers of the European-built Mondeo has jumped to 15 per cent from only 1 per cent to 2 per cent in Ford of Europe's traditional programmes. "We have also brought many European suppliers to north America and some have made joint ventures in the US," he says. "The philosophy was to develop a part only once from one supplier for the world. This is the first project where we have done this. And we began to source parts up to four years before the first car was due to be produced. That is a radical departure."

Ford estimates that about $140m worth of components will be exported annually to north America from Europe with about $260m worth of components coming from north America to Europe as part of the Mondeo programme. Mr Caspers claims that the company has more than halved its traditional number of suppliers to only 200 component makers, supplying about 80 per cent by value of Mondeo parts and systems. "We are also going more than ever before to just-in-time delivery," says Mr Caspers. About 14 suppliers have set up production within a 30km radius of the Genk plant to ensure simultaneous delivery of parts to the assembly line with no stock held in the car plant.

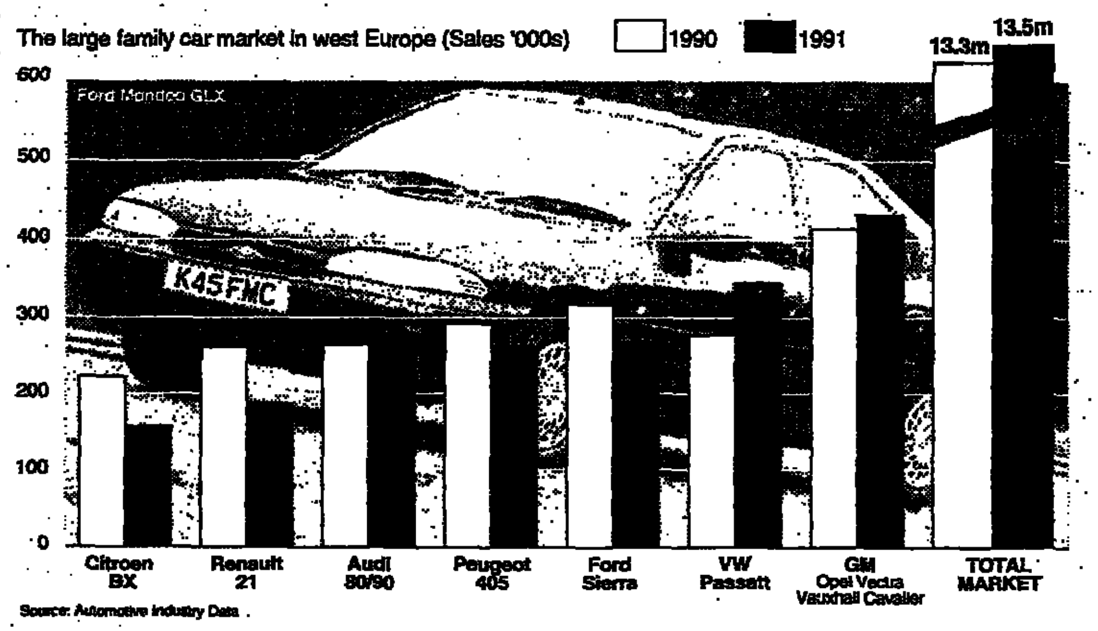
As Ford of Europe seeks to regain profitability, the Mondeo programme also offers significant productivity gains in the assembly process. For the first time at any of its European assembly plants Ford is moving to three-shift, round-the-clock working at Genk, enabling it to catch up with the precedent set by General Motors at the end of the 1980s. Production capacity for the Mondeo at Genk has been increased to 1,970 a day or 400,000 a year, compared with a maximum of 1,500 a day for the Sierra. The Kansas City plant will initially have a capacity to produce 250,000 a year.

If the Mondeo gamble pays off, Ford will have taken a big step towards closing the gap in cost and efficiency on its Japanese rivals. At six years, the development programme was still too long by the best world standards, but few vehicle projects have been so complex, and Ford has since lowered its target for current projects to four years.

The programme has pioneered significant changes in Ford's engineering organisation. It has introduced new methods of design for easier manufacture, adopted more rigorously simultaneous engineering techniques and formed new long-term R&D relationships with Ford's leading suppliers.

After the Escort fiasco, the company appears to have crossed big hurdles towards building an organisation capable of achieving a world car. The outstanding question is whether world markets and consumer tastes will converge to allow Ford to reap future cost benefits based on the lessons learnt with Mondeo. Ford will need to repeat this trick in other segments of the global car market.

Ford: a model for the future



Short-term view of broadcasting

Personal view

The government's policy on broadcasting is a fine example of short-termism. It has made clear, since the green paper on the future of the BBC was published in November, that it is in favour of retaining the licence fee when the BBC's charter is renewed in 1996. Its motive is clearly to avoid the controversy that would result from implementing the decision eventually to replace the licence fee with subscription, announced in the 1988 white paper on broadcasting in the 1990s. It has also showed that it has rejected advertising, the alternative source of finance to subscription, by the terms of the new franchises for the ITV network.

As the government stated in the 1988 white paper, the licence fee will become harder to sustain as new television services proliferate, and as the BBC's share of the market declines. The number of new services will have multiplied by 1996, and still more before the new charter expires in 2011. Forecasts of the BBC's future share of the market can be little better than guesswork, but we can be sure that its share will fall as more alternatives become available. Collecting the licence fee must become more difficult and more unpopular as fewer viewers watch the BBC; long before 2011, the politicians in power will have to face the need to replace the licence fee.

The case for moving from the licence fee to new sources of finance is not only that the licence fee will become unsustainable but that it represents an inequitable and inefficient method of financing a TV service. It is inequitable because it tries to force viewers to pay for the BBC whether they want to or not, and because it levies the same charge on all viewers, irrespective of their means.

The licence fee is inefficient because it gives viewers no means of influencing the content of the programmes they are shown – a feature that seems to be regarded as a virtue by proponents of the BBC who endow its staff with the ability to supply viewers with programmes which they do not know that they want but which will improve their lives and society. This seems a vice to those who believe that individuals know best which programmes will most benefit them.

Television can have a strictly educational role, which the government may finance; it can also bring the arts to people who would not otherwise have access to them, and the government might subsidise such programmes. But there are dangers to democracy in a broadcasting organisation that believes it can improve people; it may also try to influence political beliefs. A service that relies on the government for its funds must be susceptible to political pressure; the BBC is unlikely to do anything to offend the government until the terms of its new charter are fixed, and it would become more vulnerable to political pressure if the licence fee became more unpopular.

The licence fee is an inequitable and inefficient method of financing a TV service

The likely decline in the BBC's share of viewing must raise doubts about its ability to finance the present scale of service from subscription alone. While the size of any broadcasting system should reflect the demand for its services, in a libertarian society where the individual consumer is sovereign, the BBC would be unduly handicapped in competing with other services if it was barred from taking advertisements. In the long term this should be feasible without weakening the existing advertising-financed services in Britain, if the Treasury could be induced to surrender some of its gains from the recent changes to the ITV franchising system.

The Peacock Committee had recommended in 1986 that franchises should be awarded by competitive tendering, to reduce the profits and to squeeze the costs of the ITV companies, but it envisaged that some of the proceeds should be used to finance public service broadcasting. In the event, the new ITV contractors will pay £250m more than their predecessors in 1993, but all of it has been swallowed by the Treasury. This sum represents nearly 30 per cent of the BBC's expenditure on television services. With some growth in advertising revenue and some willingness by the Treasury to reduce the levies, advertising could represent a significant part of the BBC's future income.

The terms on which the BBC's charter is renewed in 1996 should follow from the recommendations of the Peacock Committee and the policies described in the white paper of 1988; the financial objective should be to replace the licence fee by subscription, but the BBC should also be given greater commercial freedom than envisaged in these documents. The overriding objective, however, should be to make the BBC wholly independent of government, so that it could never be used as a political tool.

David Sawers

The author is an economic consultant

OBSERVER

Signature trial

■ Germany's habit of precipitating dramatic resignations over absurd events seems to be becoming a disease. Yesterday the presiding judge at the trial of Erich Honecker was forced to quit – for asking for an autograph.

As if the weekend resignation of Jürgen Möllemann as economics minister were not enough – he was guilty of using his ministerial notepaper to promote a plastic token invented by a distant relative – the dismissal of Hansgeorg Bräutigam from the bench in Berlin's criminal court number 700 surely takes the prize.

The whole affair of the Honecker trial, at which the grim and grey dictator of the former East Germany stands accused of murder – for ordering his soldiers to shoot at his citizens trying to flee across the Berlin Wall – is rapidly turning into a tragi-comic chapter of accidents.

Bräutigam has been fighting a stern battle to keep the case going in the face of mounting evidence that the 80-year-old Honecker will die of liver cancer long before any verdict can be reached. He has rejected a string of efforts by the defence to have it called off.

Yesterday they finally succeeded in proving he was "biased". He was found guilty, by a panel of fellow judges, of asking for an autograph from Honecker on behalf of a curious juror, and then pretending he had done nothing of the sort.

Already, two co-defendants have been stood down from trial on the grounds of incapacity. The question remains whether a case billed as the most spectacular political trial since Nuremberg can survive this latest indignity.

Over the hill

■ When a troubled construction company makes its personnel director redundant one might well think that the only people left on the premises are the bailiffs.

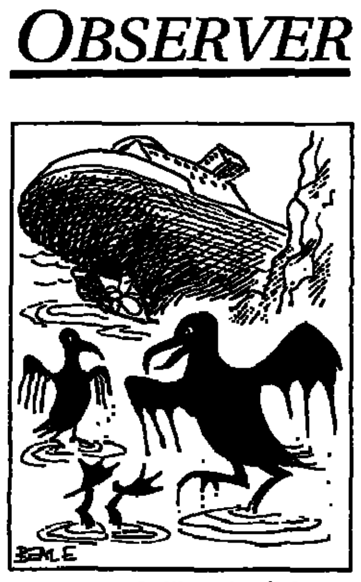
But Higgs & Hill stresses that Stephen Schneider, who has resigned as a director, had been so successful in reducing the company's workforce by a half over the past three years that he had worked himself out of a job.

In future the P45s will be issued by a more lowly official without a seat on the Higgs & Hill board. Even so, it suggests a topsy-turvy sense of priorities in a labour-intensive business.

Stick tock

■ The extra angst visible on the faces of Zurich citizens this week is not only the result of worry about possible isolation from the rest of Europe. More likely the cause is ice-layers – both the public and the city's clocks have been suffering from the current cold snap. Probably no city in the world has as many clocks; every side of every church spire and every large intersection is so equipped.

Moreover, the city's public transport authority broadcasts the time to all trams and buses at irregular intervals. In the past few days, with temperatures remaining below freezing, some clocks have fared poorly. The minute hand at Fraumünster cathedral, for example, has a hard time climbing up to the hour. Some two-faced clocks show different times on each side. It is all a bit odd considering that Zurich winters are often very cold and the Swiss are supposed to be expert clock-makers. Perhaps they should seek help from the Japanese.



'Fortunately it's a nice, light, easily-dispersed crude'

Uneconomical

■ With lawyers having filled most of the Clinton administration's top economic posts, the hopes of professional economists are now pinned on the crucial second round of sub-cabinet appointments.

The really attractive unfilled posts are the undersecretaryships for international and economic affairs in the Treasury and State departments – posts held in the Bush administration by David Mulford and Robert Zoellick, respectively.

However, there is also a vacancy at the new White House National Economic Council where Wall Street lawyer and ex-Goldman Sachs boss Robert Rubin badly needs a high-powered economic assistant if he is to carry any international clout.

Passed over for the chairmanship of the Council of Economic Advisers, World Bank chief economist Larry Summers appears a strong runner for Mulford's Treasury job, which would make him the administration's point man in Group of Seven policy co-ordination exercises. Then again, David Hale, chief economist at Chicago's Kemper Financial Services and omnipresent on the international lecture circuit, would also dearly love a crack at it.

Stanley Fischer of MIT (Summers' predecessor at the World Bank) is reportedly running hard for Zoellick's job at State, which will carry responsibility for fashioning a coherent US response to economic chaos in the former Soviet republics. However, Harvard's Jeffrey Sachs, currently an adviser to the Yeltsin government, could be an imaginative alternative.

Elsewhere Larry Katz, a bright young labour economist at Harvard, is expected to land the chief economist post at Robert Reich's Department of Labor – a big job given Clinton's determination to overhaul US industrial training, and Alan Blinder, a Princeton economist and Business Week columnist, is set to become one of Laura Tyson's deputies at the Council of Economic Advisers.

Blinder's appointment should help balance Tyson's unconventional views on trade and industrial policy.

Wishful thinking

■ A job advertisement in yesterday's Evening Standard says that a government department requires someone to assist with "Compulsive Tendering Legislation". Which pretty accurately explains the UK government's policy on the subject.

FINANCIAL TIMES
Wednesday January 6 1993

Motor industry to discuss economy and health care with president-elect

Clinton in talks on higher fuel tax

By George Graham in Washington

MOTOR INDUSTRY executives and union leaders are to meet Governor Bill Clinton in Arkansas for talks that are sure to raise speculation that the president-elect may be preparing to reverse his opposition to higher petrol taxes.

Mr Clinton will meet the chief executives of the three major US carmakers, as well as Mr Owen Bieber, president of the United Auto Workers trade union, to discuss economic and motor industry issues, including health care costs and the burden of government regulations.

But Mr Alexander Trotman, head of Ford Motor's worldwide car operations, said his company would also use the meeting to press its case for higher petrol taxes.

The idea of increasing petrol taxes, which are very low by international standards, has gained support in recent months from a surprising coalition of fiscal conservatives, environmentalists, carmakers and international economists.

Mr Paul Tsongas, Mr Clinton's principal rival last year for the Democratic party's presidential nomination, argued for higher petrol taxes as a way of reducing the federal budget deficit.

But Mr Clinton remains reluctant to adopt such a measure, which he says would weigh unduly on the middle class. Although last month he opened the door for balancing higher petrol taxes against other tax breaks for the middle class, he said he regarded an increase of 15 cents a gallon to be excessive.

Economists at organisations such as the International Monetary Fund and the Organisation for Economic Co-operation and Development have also urged the US to increase the relatively modest federal tax on petrol, while environmentalists believe higher taxes would help discourage wasteful fuel consumption and reduce exhaust pollution.

The car manufacturers are latecomers to the coalition, but their support for higher petrol taxes is contingent on relief from the current Corporate Average Fuel Efficiency rules, which seek to lower petrol consumption by obliging car companies to achieve an average of 27.5 miles per gallon with their range of models.

This obliges them to make small, fuel-efficient cars which their customers have no incentive to buy, because petrol is so cheap – though some foreign producers of higher priced cars, such as Mercedes, simply elect to pay fines.

Ford calls latest model first 'world car'

By Kevin Done, Motor Industry Correspondent, in Detroit

FORD unveils the Mondeo, a large family car, designed to be the US carmaker's first "world car", today.

The Mondeo, which will be produced in both Europe and North America, has been developed at a cost of around $6bn in Ford's most ambitious programme so far.

It will replace the Sierra in Europe, where it goes on sale in March, and the Ford Tempo/Mercury Topaz in North America, where it will be launched in the first half of 1994.

The Mondeo is being positioned in one of the most fiercely contested segments of the European new car market, where it will compete with General Motors' Opel Vectra/Vauxhall Cavalier, the Volkswagen Passat and the Peugeot 405.

This is the segment targeted by Japanese carmakers for their first European-built cars. Nissan, Toyota and Honda are all now producing the Mondeo's competitors at their new UK plants. At the same time, Citröen, the French car maker, is launching its new Xantia range soon, to replace the BX in this segment and, later this year, Renault will also replace its ageing Renault 21. Rover is launching its new Rover 600 to replace the outdated Montego in the spring.

In Europe the Mondeo will be built at Ford's Genk plant in Belgium, which has a capacity to produce around 440,000 a year.

In an important reform of its labour practices Ford is introducing for the first time in Europe three-shift round-the-clock working on the Mondeo assembly line at Genk. The Mondeo development programme has taken around 5½ years and is the first time that Ford has developed a common, mainstream car for manufacture and sale in Europe and in North America. Most of the development has been carried out by Ford of Europe at its technical centres in the UK and Germany.

In the US the Mondeo will start production next year at Ford's Kansas City plant with a capacity to produce 250,000 cars a year. A second production site for North America is under consideration in Mexico.

Ford claims the front-wheel-drive Mondeo will be the first car in its class to offer features such as electronic traction control to eliminate wheel spin and adaptive suspension damping to improve ride and handling.

Peugeot to cut jobs, Page 2
A model to smash the mould, Page 9

Threat of grounded tanker

Continued from Page 1

was built at the northern end of the main island in the 1970s. It has developed plans to use booms to contain oil spillages, and also to use dispersants dropped from aircraft.

In the current conditions there was no hope of trying to refloat the tanker. Mr Ken Lowe, the Coast Guard district controller, said. "It's impossible to get near the vessel. Even helicopters can't get near."

The Braer had been making its way through the 22-mile wide channel between Sumburgh Head and the island of Fair Isle on a voyage from Mongstad in Norway to Quebec. Yesterday at about 5am the vessel reported that its engines had failed, apparently because water from the very heavy seas entered the fuel supply.

When it became clear that the tanker was likely to run ashore, the 34-strong crew of Filipinos and Greeks was taken off by helicopter at about 9am.

By then, however, two tugs had reached the scene and an attempt was made to get a line on board the Braer before it hit the shore. A helicopter landed two crew members and Mr Jim Dickson, oil pollution control officer with Shetland Islands Council, on the ship.

The first attempt to get a line from the tug to the tanker failed and, although the second line reached the tanker, there was no power to drive the tanker's winches. "She was absolutely dead," Mr Dickson said. Shortly afterwards, at about 11.20am, the ship crashed on to the rocky sea bottom and the rescue party was evacuated.

The 18-year-old tanker has a single hull without the extra casing required on new vessels since July last year. Mr Lowe said the wind and wave direction was retaining much of the oil leaking from the ship in the immediate bay where it had grounded. He held out the hope that the wind direction would shift to north-west which might drive the pollution away from Shetland altogether.

The fact that the crude oil is light in density should make it more likely to disperse than heavier crudes.

The pollution threatens large colonies of sea birds as well as seals and porpoises around Sumburgh Head. Officials said the impact on wildlife was likely to be much less than it would have been if the disaster had struck in spring or summer when bird populations would be at their peak.

Bush backs selective force

By Jurek Martin in Washington

US PRESIDENT George Bush yesterday proclaimed his belief in "the selective use of military force for selective purposes" in order to ensure that a new world democratic order was sustained.

But he insisted that it would be a "waste of resources" for the US to assume the role of global policeman. Other nations must contribute militarily and economically whenever "their interests are at stake".

In a farewell address to the cadets of the US Military Academy at West Point, New York, Mr Bush sought to lay out his thoughts on the use of force, which, he said, could serve as "a complement to diplomacy or as a temporary alternative to it".

He cited the Gulf war and the current operation in Somalia as two examples of this use. Humanitarian concerns, as in Somalia, meant "we should not stand by when the modest use of force can make an immediate difference".

But he argued that any decision not to use force could also be valid. In former Yugoslavia, for example, "up to now it has not been clear that the use of limited amounts of force would have had the desired effects given the complexities of that situation". He warned, however, that circumstances in the Balkans could change.

Mr Bush cautioned against drawing up too rigid a set of rules whereby international military intervention might be determined. Instead he preferred "principles" and "guidelines", though he offered no details as to what these might contain.

He added that ideally nations should use force "in concert" but international agreement on such deployments, while desirable, should not be an absolute "prerequisite".

A US Marine MP removes one of three Somali youths caught taking food from relief supplies stored at the port in Mogadishu

Boeing in talks on super jumbo airliner

Continued from Page 1

already co-operate with Boeing on the 777 and 767 widebody programmes but were approached by Airbus to consider joining it in the development of a large capacity airliner.

Boeing started studying the development of a super jumbo 18 months ago. Mr Hayhurst said preliminary studies suggested room did not exist for more than one viable super jumbo project.

Rolls-Royce, the UK aero-engine maker, said last night it was in talks with both Boeing and Airbus about powering future 550 to 800 seat aircraft.

The two big US aero-engine manufacturers, General Electric and Pratt & Whitney, have also been studying new heavy thrust engines for powering super jumbos.

By attempting to lure Airbus partners in the joint development of a super jumbo, Boeing is seeking to consolidate its dominant position in the large aircraft market.

"We want to maintain our position in the international airplane market," said Mr Philip Condit, Boeing's president. "We'll take whatever actions necessary to do that, whether that means making major investments in research and development, or looking at possible international alliances."

Boeing has a 55 to 60 per cent share of the world airliner market but Airbus, has emerged as its main competitor, by gaining 26 per cent of the market during the past 20 years.

Deutsche Aerospace and BAe have shown growing interest in establishing stronger ties with the US industry.

Aérospatiale, the French state-owned aerospace group with a 37.9 per cent stake in Airbus, said it had not had talks with Boeing over a new large aircraft. However, it indicated it was interested in taking part in any industry-wide feasibility study to develop a super jumbo. The other partner in Airbus is Casa of Spain with a 4.2 per cent stake.

World Weather

		°C	°F
Ajaccio	S	12	54
Algiers	F	13	55
Amsterdam	C	3	37
Athens	C	5	41
Bahrain	F	19	66
Bangkok	F	33	91
Barcelona	S	8	46
Beijing	S	0	32
Beirut	S	16	61
Belfast	F	6	43
Belgrade	S	-4	25
Berlin	S	-3	27
Biarritz	S	15	59
Bombay	S	32	90
Bordeaux	Dr	5	41
Boulogne	C	5	41
Brussels	C	4	39
Budapest	S	-2	28
Buenos Aires	F	31	88
Cairo	C	16	61
Cape Town	F	26	79
Caracas	C	28	82
Casablanca †	S	14	57
Chicago †	C	-2	28
Cologne	F	-1	30
Copenhagen	F	-2	28
Corfu	S	12	54
Dallas †	S	0	32
Dublin	F	9	48
Dubrovnik		–	–
Edinburgh	F	8	46
Faro	S	13	55
Florence	S	8	46
Frankfurt	S	-5	23
Geneva	S	0	32
Gibraltar	F	14	57
Glasgow	F	8	46
Helsinki	F	-3	27
Hong Kong	C	20	68
Innsbruck	S	-1	30
Inverness	F	7	45
Islamabad	C	13	55
Istanbul	C	2	36
Jakarta	R	32	90
Johannesburg	F	27	81
Lisbon	C	11	52
London	R	10	50
Los Angeles †	S	7	45
Luxembourg	C	-4	25
Madeira	C	17	63
Madrid	S	6	43
Majorca	S	11	52
Malaga	F	13	55
Malta	R	11	52
Manila	C	32	90
Melbourne	C	16	61
Mexico City	F	23	73
Miami †	S	24	75
Milan	F	2	36
Montreal †	R	3	37
Moscow	S	-8	18
Munich	S	1	34
Nairobi		–	–
Naples	S	10	50
Nassau	F	27	81
New Delhi	F	15	59
New York †	R	13	55
Nice	S	10	50
Nicosia	F	14	57
Oporto	C	13	55
Oslo	C	-1	30
Paris	Dr	3	37
Prague	S	-4	25
Reykjavik	F	-4	25
Rhodes	F	13	55
Rio d'Janeiro	F	32	90
Rome	S	11	52
Salzburg	S	3	37
S'Francisco †	F	3	37
Seoul	S	3	37
Singapore	R	28	82
Stockholm	S	-2	28
Strasbourg	S	-3	27
Sydney	C	17	63
Taipei	F	21	70
Tangier	S	15	59
Tel Aviv	F	13	55
Tenerife	S	19	66
Tokyo	S	10	50
Toronto †	Sn	2	36
Tunis	C	15	59
Valencia	S	11	52
Venice	S	3	37
Vienna	S	-2	28
Warsaw	S	-9	16
Washington †	F	14	57
Zurich	S	-4	25

Temperatures at midday yesterday
† Noon GMT temperatures
C – Cloudy Dr – Drizzle
F – Fair Fg – Fog H – Hail
R – Rain S – Sunny
Sl – Sleet Sn – Snow
T – Thunder

THE LEX COLUMN

Franc exchanges

The battle for the French franc is getting tough. Yesterday's Franco-German declaration of determination to defend the existing parity and the 2 percentage point rise in overnight French interest rates were a pre-emptive strike against the speculators. The measures display a sophistication – and admittedly a level of international collaboration – which was conspicuously absent during the UK's vain attempt to defend sterling last September. Yet the stakes have also been raised, perhaps rashly when the Bundesbank is still deeply reluctant to cut official lending rates.

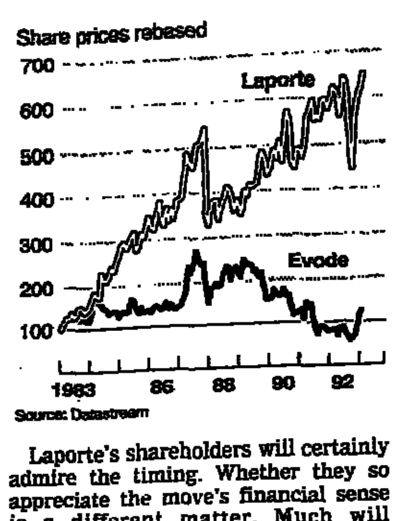
Together with talk of independence for the Banque de France and a closer bilateral monetary relationship, yesterday's moves have bought a little more time. The two sides will have to continue pulling such tricks out of the hat for several weeks, though, until domestic German conditions warrant a cut in rates. Ultimately that may prove impossible. The Bundesbank would then have to decide whether to cut rates anyway or risk seeing the ERM collapse. Its decision would be easier if Bonn were to act on the budget. This may become a focus of political pressure from European partners anxious for lower rates but aware of the futility of leaning on the Bundesbank directly.

The French equity market was curiously unperturbed by yesterday's rate rise. It may be signalling an expectation that lower French rates will be the outcome whatever happens to the currency. Either the Bundesbank or the franc will soon have to give way. The UK's position above the fray helped sterling rise above DM2.50. That has its negative side. The Treasury has no appetite for lower base rates, but a stronger pound is eroding the monetary relaxation on which 1993 recovery hopes are predicated.

Laporte/Evode

For students of the takeover game, the tussle for Evode is turning into a minor classic. After quietly stalking its prey for seven years, Laporte slickly pitched in yesterday with a tentative promise of a recommended bid. It promptly demonstrated its resolve by buying 6.1 per cent of Evode's shares in the market at £1 apiece. In so doing, it seemingly scuppered the chances for Wassall, which had just declared a revised final offer of 95p a share. Such an agile operator must have been greatly galled to be so comprehensively outmanoeuvred.

FT-SE Index: 2833.6 (-27.9)



Source: Datastream

Laporte's shareholders will certainly admire the timing. Whether they so appreciate the move's financial sense is a different matter. Much will depend on the structuring of any deal. With year-end borrowings of around £120m and gearing of 45 per cent, Laporte will be strapped to offer much cash. A rights issue or a share swap with a partial cash alternative seems the most likely approach. Laporte has stipulated that any offer will have to enhance earnings in its first year. This leaves little room for error, assuming a fair premium will be necessary for a mainly paper bid. Laporte may have a stiff task convincing investors of the speed of the rationalisation benefits.

That still leaves room for complications which might induce Laporte to walk away, leaving Wassall with a clear run. Wassall will probably refrain from entering a bidding battle. Evode's shareholders must be left smiling – if not silently wondering why their hitherto unfashionable company has suddenly become the object of such desire.

British Aerospace

Talks about building jumbo jets to seat 600 may be a pleasant distraction from British Aerospace's current problems, but it will be a long time before the market really cares. Investor attention is focused on whether the new management has the beef to cut costs and resolve the uncertainties surrounding the company. Indeed, the collapse of earnings in 1992 and questions over the size of any dividend payment, left very little else to hang on to. Some progress is clearly being made. The European fighter aircraft will be built, albeit late. And BAe's share of the work may rise if other partners reduce their commitments. Negotiations with Taiwan on regional jets continue and seem likely to produce a positive result soon. If the deal is signed it may not bring in as much cash as hoped, but it will at least prove that the management can put out a bad fire. Overall, BAe's problem is high costs, not low revenues, so the broad cost-reduction programme should bear fruit.

The biggest remaining question mark is over the Al Yamamah deal with Saudi Arabia, but that is largely outside the company's control. Airbus production may also slow, while smaller headaches like turboprop aircraft and property remain to be tackled. Yet with some faith that the management has plugged the hole, investors can begin to look towards earnings in 1993 of some £150m. Not much on £10bn of turnover, but the recovery story is beginning to emerge.

UK equities

One notable feature of the UK equity market since Black Wednesday has been the way second rank stocks have outperformed the FT-SE 100 index. The performance is all the more remarkable given the heavy representation of defensive utilities in the FT-SE 250. In part that reflects the easing of interest rate pressure and hopes of domestic economic recovery – both of which benefit smaller stocks more. But there is a market cycle too: maturing bull runs often see investment trickling down to benefit smaller companies. While the trend may be intelligible, it is less certain that it is justified. The domestic recovery will be weak, so that the higher hopes for earnings recoveries may not be fulfilled. Dividend cover is also low and there are plenty of nasty surprises still to work their way through from the recession. On the other hand the gathering US recovery and rising dollar will particularly benefit blue chip stocks. Their balance sheets and dividend cover are also stronger, giving them the better dividend growth prospects.

Inevitably there are some smaller companies which will do well, and the heavily depressed share prices through the recession mean that there will be some substantial rebounds. But the 13 per cent rise in the FT-A Contracting and Construction sector in December smacks of indiscriminate buying, when stock selection is all.

هكذا من الأصل

FINANCIAL TIMES
COMPANIES & MARKETS

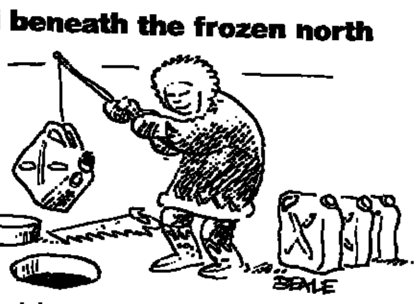
Wednesday January 6 1993

INSIDE

Complaint against German bank ruling

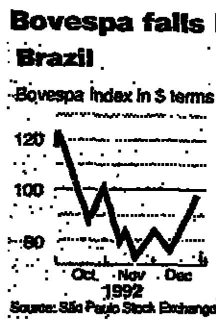
Germany's public sector banks are getting "free" capital, giving them competitive advantages, the association of private sector German banks said yesterday. The complaint follows the German banking authorities' decision to allow Westdeutsche Landesbank and other public sector banks to consolidate their housing finance subsidiaries. Page 12

Oil beneath the frozen north



Canada's vast Athabasca tar sands have produced their billionth barrel of crude oil. A further 200bn barrels, more than the reserves of Saudi Arabia and its neighbours combined, are recoverable using present extraction techniques. Estimates of total reserves run as high as a thousand billion barrels. Page 16

Bovespa falls back at the end



Brazil closed 1992 with a rise in share prices. Yet in spite of December's jump of 19.2 per cent in dollar terms, the Bovespa index closed the year showing a loss of 3.6 per cent, measured in the US currency. In the first four months of 1992 the index had outdistanced the dollar by 65.7 per cent. Back Page

Soap opera over Astra stake

Astra International, Indonesia's second largest company, has for two months been the subject of a true-life corporate soap-opera. The battle for a stake in the company that dominates the automotive sector has undermined investor confidence in the country, raised the cost of offshore borrowing for Indonesian companies and damaged the government's reputation for effective crisis management. Page 13

Renong to sell media interests

Malaysia's Renong group, the conglomerate controlled by the country's main political party, has announced plans to sell most of its newspaper and TV interests. Page 13

Accounting crackdown

It is now mandatory for UK companies using the "true and fair" override in the 1985 Companies Act, which exempts them from the law's required formal, to state this clearly in the accounting policies note. Page 15

Insurer cuts policy payouts

Norwich Union, the insurance group, yesterday announced cuts of 7.2 per cent in its payouts on short-term with-profits policies, the second year in succession that NU has cut bonuses. Page 15

Market Statistics

Companies in this issue

Chief price changes yesterday

FRANKFURT (DM)

Rises			
Colonia Konzern	840	+	35
Daimler-Benz	546.5	+	11.5
Industrie Werke	265	+	9
Kaufhof	423	+	11
Volkswagen	251.9	+	9.4
Falls			
Linotype	361	–	7

NEW YORK ($)

Rises			
Intel	$89\frac{1}{4}$	+	$2\frac{3}{4}$
Sun Microsysts	$34\frac{5}{8}$	+	1
Falls			
Chubb	$85\frac{3}{8}$	–	$2\frac{5}{8}$
Contl Corp	$26\frac{1}{8}$	–	$\frac{5}{8}$
General Re	$113\frac{3}{8}$	–	$2\frac{3}{8}$
Philip Morris	$74\frac{7}{8}$	–	$1\frac{1}{2}$

New York prices at 12:30.

PARIS (FFr)

Rises			
BIC	951	+	24
Dollfus Mieg Cie	275	+	15
Fonc Lyonnaise	603	+	53
Rhone Poul Cts	541	+	23
Falls			
Euro RSCG	424	–	12
Imm de France	760	–	35

TOKYO (Yen)

Rises			
Enshu	324	+	23
Fujitsu General	457	+	80
Inui Steamship	269	+	19
Falls			
Azai-Gumi	1650	–	130
Taiheiyo Bank	315	–	24
TDF	258	–	20

LONDON (Pence)

Rises			
Air London	76	+	11
Barr (AG)	326	+	9
Budgens	47	+	3
Cowie (T)	164	+	6
Cullen's	$11\frac{1}{2}$	+	$2\frac{1}{2}$
Dixons	274	+	10
EMAP	363	+	13
FKI	113	+	4
Flextech	86	+	5
Hepworth	320	+	12
Marks Spencer	333	+	8
Nthn Foods	272	+	6
Perkins Foods	95	+	7
Powell Duffryn	484	+	18
Simon Eng	112	+	7
Trinity Intl	345	+	14
Falls			
Allied-Lyons	628	–	17
First Leisure	344	–	7
Glaxo	764	–	35
Guinness	492	–	20
Laporte	629	–	20
Pendragon	247	–	11
Scot & Newc	455	–	14
Wassall	207	–	10

Foreign acquisitions in Japan double

By Robert Thomson in Tokyo

US AND European acquisitions of Japanese companies more than doubled last year, as manufacturers attempted to improve their local distribution networks and distressed Japanese enterprises sought foreign assistance.

Yamaichi Securities said the number of Japanese companies acquired by foreigners rose from 18 to 37, while the corporate finance arm of KPMG Peat Marwick said the number of deals increased from 18 to 43 last year and is on a steady upward trend.

Meanwhile, Yamaichi said there were 477 Japanese mergers and acquisitions of foreign companies last year, down 22 per cent on 1991, and down 44 per cent in total value to Y550bn ($4.38bn). The broker said activity was restricted by a higher cost of capital at home and by the international recession, which weakened companies' desire to expand.

The value of foreign acquisitions in Japan rose to Y62bn from Y39bn, according to the Peat Marwick survey, which found that 60 per cent of the 43 deals were acquisitions of distributors or of existing joint venture partners.

Mr Thomas Lynch, senior manager of Peat Marwick's corporate finance division, said most of the acquisitions were strategic moves by foreign companies looking to improve their penetration of the Japanese market.

"We haven't seen any really big acquisitions yet by foreign companies in Japan, but you might see that in the future," Mr Lynch said.

Of the 43 deals, five were of loss-making Japanese companies, while 14 were acquisitions of distributors, and 12 involved taking over a Japanese joint venture partner's interests. Ten of the investments were significant minority stakes in Japanese companies.

US companies accounted for 21 of the transactions, followed by German companies, five cases, Swiss companies, four cases, and UK companies, three cases, with the remainder other European or Asian-based companies. Eight were in the pharmaceuticals industry, seven in the chemical and industrial machinery sectors and five in the computer industry.

A separate survey by Daiwa Securities, another Japanese broker, found 259 cases of Japanese companies acquiring other Japanese companies last year, one down on a year earlier.

Ian Rodger reports on the implications of a possible takeover of Swiss Volksbank

Timely opportunity to prune excess branches

A BIG step towards the rationalisation of Switzerland's bloated retail banking sector is likely to be taken this morning.

Swiss Volksbank, the country's fifth largest bank in terms of assets, is to make an announcement that it calls positive both for itself and its customers.

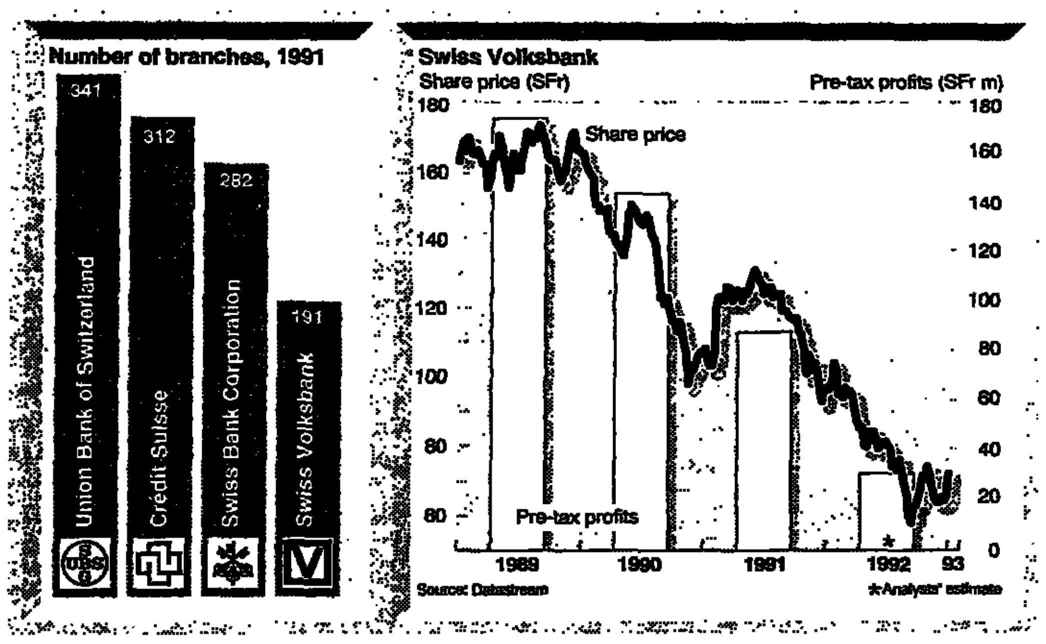
Exactly what this outcome will be remains unclear. But Crédit Suisse, the country's third largest bank, admitted yesterday that it is "interested" in Volksbank, leading to speculation that it will acquire its flagging competitor.

Bearer shares of CS Holding, the quoted parent company of Crédit Suisse, sagged SFr70 yesterday to SFr2,100, reflecting the near universal view among investors that digesting Volksbank would be a long, messy and expensive operation.

But looked at in the context of the disarray in Switzerland's retail banking sector, a takeover by Credit Suisse – or some other form of rationalisation – would make sense.

According to a recent study by McKinsey & Co, the international consultants, there is one bank branch in the country for every 67 inhabitants. This compares with one for every 102 people in Britain, one per 136 in France and one per 105 in Germany.

Switzerland's big banks



The McKinsey study also claimed that the return on equity invested in retail banking in Switzerland in 1990 averaged a negative 37 per cent.

For a long time, Swiss banks could tolerate subsidising their retail activities. Most of them were universal banks making lush profits in other sectors, especially in securities trading where commissions were fixed.

But with the collapse of fixed commissions and other cozy conventions in the past few years, banks have had to seek profits from all their activities. The pressure on the retail sector has intensified even more in the past two years as many mortgage loans have gone sour. Volksbank's own fortunes declined in the past few years because of its excessive dependence on domestic customers, especially small and medium Swiss companies hit by the recession.

Swiss banking leaders have thus become ever more confident in predicting a big shakeout among the country's 600-odd banks. Mr Robert Studer, chief executive of Union Bank of Switzerland (UBS), the country's largest, said last March that he could see 100 of them disappearing in the next decade. Other analysts talk of 20,000 of the industry's 115,000 jobs being lost in the next few years.

The shakeout is already well under way. Crédit Suisse snapped up Bank Leu, the country's fifth largest bank, after a hostile bid in late 1990. Swiss Bank Corporation (SBC), the second largest, last year consolidated its control of Banca della Svizzera Italiana. Several small regional banks have merged with each other or been absorbed by big banks in the past year. The two cantonal banks in Geneva are set to merge at the end of this year.

A Crédit Suisse takeover of Volksbank would open the way for the biggest single step yet. This is because the branch networks of both are large and overlap virtually completely.

Most of the 191 Volksbank branches could be eliminated without loss of market coverage. The operation would generate a lot of political criticism, but Mr Rainer Gut, the CS holding chairman, is known for his thick skin.

By contrast, any of the other potential arrangements on which there has been lively speculation since the Volksbank shares were suspended on Monday morning would probably preserve the bank's network.

Among the main hypotheses are that a foreign bank or a Swiss insurance company seeking to get into the Swiss retail banking market would acquire Volksbank or take a substantial minority stake in it. Alternatively, a group of smaller Swiss cantonal banks, seeking to gain scale and modest international exposure could be interested.

There are other possible reasons for Crédit Suisse's "interest" in Volksbank. In his speech last March, UBS's Mr Studer said, perhaps mischievously, that one of the big three might ultimately decide to withdraw from retail banking. Analysts instantly concluded he was referring to Crédit Suisse, the smallest of the three.

Crédit Suisse executives have since been at pains to emphasise their total commitment to retail banking, and Mr Gut has even hinted on occasion that the group might contemplate an acquisition in the retail sector.

A takeover of Volksbank would enable Crédit Suisse to close substantially the gap in assets between it and its two larger rivals. At the end of June, 1992, UBS had total assets of SFr258.8bn ($180.9bn), SBC SFr201bn, Crédit Suisse SFr163.7bn and Volksbank SFr48.5bn.

Whoever is the suitor, the acquisition cost would be remarkably low. At the suspension price of SFr720, Volksbank's market capitalisation is about SFr1.1bn compared with a conservatively stated book value at the end of 1991 of SFr2.2bn.

Although the bank's profits have tumbled in recent years, it is still well capitalised, with a 10.2 per cent capital ratio under the BIS guidelines.

Mr Hans Kaufmann, head of Swiss research at Bank Julius Baer in Zurich, estimates that a streamlined Volksbank could make annual profits of up to SFr300m.

Analysts have been intrigued for months by a sudden surge in trading in Volksbank shares that took place in the early autumn, when the price bounced back from a low of SFr610 in early September to more than SFr770 by the end of October.

On October 28, the bank announced it would convert its capital structure from that of a co-operative, with one vote per shareholder regardless of the size of his holding, to a joint stock company. Terms of the conversion, due to be approved by shareholders in April, have not yet been revealed.

Analysts recall that Crédit Suisse won its hostile bid for Bank Leu two years ago after secretly accumulating a large share stake. There are still no laws in Switzerland requiring potential bidders to reveal their holdings once they have gone over a certain level.

Pennzoil in unusual bond offering

By Richard Waters in London

PENNZOIL, the Houston-based oil company, is using part of a controversial share stake it built up in rival oil group Chevron more than three years ago to help raise $350m.

In an unusual convertible issue being launched simultaneously in the US and the London-based euromarkets, the company is selling bonds convertible into around 3.6m shares in Chevron. This represents just over 1 per cent of Chevron's ordinary share capital.

Pennzoil paid $2.2bn for nearly 9 per cent of Chevron in December 1989, prompting a fierce battle between the two oil companies. It agreed last October to reduce its stake to just over 5 per cent, or 17.2m shares, swapping the other part of its holding for some of Chevron's US oil and gas reserves.

The deal also marked the end of a protracted legal dispute between the two. Chevron had claimed that Pennzoil illegally disguised an intention to gain partial control over it.

It remained unclear yesterday whether the convertible bond issue marked the beginning of a move by Pennzoil to dispose of its entire Chevron stake.

Investors will be able to exchange the bonds at any time over the next 10 years into Chevron shares at a premium of between 18 to 20 per cent over their current value, though after five years Pennzoil will have the right to repay the bonds at their issue price.

The coupon of between $6\frac{3}{4}$ and 7 per cent on the bonds, which are being issued at par, is only fractionally above the current yield on 10-year US government paper, though Pennzoil debt only just classifies as investment grade. It is ranked BBB and BAA2 by the two big US rating agencies, Moody's and Standard & Poor's.

The terms, which will be finalised early next week, were generally thought attractive yesterday, and the bonds were quoted at nearly a point above their issue price in the grey market in London late in the day.

The joint lead managers to the issue, Lehman Brothers and Lazard, hope to sell $225m of the bonds in the US and $125m internationally, though these amounts may be varied depending on demand. The size of the issue makes it one of the largest equity-linked deals in the international market for some time.

United Biscuits buys into US own-label cookie market

By Maggie Urry in London

UNITED Biscuits, the UK biscuits and snacks group, is moving into the US own-label cookie market through the acquisition of Bake-Line, a private company. UB is paying $70m and taking on $5m of debt.

Sir Robert Clarke, UB chairman, said the purchase would not dilute UB's earnings in the short term and there would be merger benefits further out.

Bake-Line should strengthen the position of Keebler, UB's branded cookie, cracker and snack subsidiary in the US. Keebler suffered a sharp drop in profits – from £29.7m to £12.1m ($18.4m) in the first six months of 1992 – because it met difficult trading conditions as consumers switched to cheaper, often own-label, cookies.

Keebler had not moved into the own-label sector although this area has been growing rapidly in the US in recent years, following a similar trend in the UK. In Britain, UB, which has the McVitie's brand, is also the leading own-label biscuit producer and makes the same margins on branded and own-label biscuits.

Own-label now accounts for nearly 14 per cent of the US cookie market by volume. Bake-Line has a 25 per cent share of the own-label sector.

Bake-Line, based in Chicago, has a modern factory with 40 per cent spare capacity. Benefits should come from joint purchasing, distribution, technology and the use Keebler can make of Bake-Line's spare capacity. A longer term aim is to move into the own-label cracker market.

The purchase price compares with Bake-Line's net assets of $17m, sales in the year to June 27 of $73.8m and trading profits of $5.2m. Bake-Line's profits are expected to be substantially higher in the current year.

However, stockbrokers expressed concern about the effect of the deal on UB's balance sheet, coming after the £200m acquisition of CCA Snacks in Australia, which was completed on Monday. Sir Robert said that gearing, excluding brands from the balance sheet, would be 88 per cent after the deal.

He said UB had no plans to issue shares – a £80m placing of shares helped finance the CCA deal – but added that it could make disposals.

He said interest cover would be 4.9 times after the Bake-Line acquisition.

London Stock Exchange, Page 17

Laporte in UK chemicals bid

By Roland Rudd and Paul Abrahams in London

LAPORTE, the UK's second largest quoted chemicals group, yesterday emerged as a potential white knight for Evode, the chemicals and plastics group, fighting off a hostile bid from Wassall, the mini-conglomerate.

Evode is in an advanced stage of discussions with Laporte, which is close to making a recommended bid above £1 a share.

The news took Wassall by surprise. It had just announced its final offer of 95.2p a share.

Wassall's cash and share offer values Evode's ordinary and convertible preference shares at £113.2m ($172m). It is also offering a cash alternative valuing Evode's shares at 92p, compared with an original offer of 80p.

By last night Laporte had spent £4.45m buying 6.1 per cent of Evode at £1 a share.

Mr Ken Minton, Laporte's chief executive, said: "The worst thing for the UK chemical industry is for it to be carved up like a dead rabbit. Evode requires a combination of chemical expertise and the right management which we are offering."

After tracking Evode for seven years he said he recently concluded that two companies would make an "excellent fit" and started serious negotiations about making a recommended bid for Evode before Christmas.

Laporte's expected bid would include a mixture of equity and cash aimed at ensuring that Laporte's resultant gearing was not much above 50 per cent.

Mr Andrew Simon, Evode's chairman, said: "Evode will continue to defend the company vigorously against any inadequate offers, into which category Wassall's final offer firmly falls." He declined to comment on the talks with Laporte.

Wassall has asked Evode for any new information it might have given to Laporte. Mr Chris Miller, Wassall's chief executive, said he was determined not to overpay for Evode. "We have walked away from private deals in the past because the price was too expensive."

Wassall updated its forecast for pre-tax profits for the year ended December 31, 1992, saying it would now make £17.5m for the full year.

It recently received more than £50m of its rights issue which it could use on other deals if it fails to get Evode.

Background, Page 15; London SE, Page 17; Lex, Page 10

Germany's private banks claim ruling favours rivals

By David Waller and Christopher Parkes in Frankfurt

GERMANY'S public sector banks are getting "free" capital worth DM10bn, ($6.2bn) giving them significant competitive advantages over private sector institutions, the Bundesverband deutscher Banken, the association of private sector German banks, complained yesterday.

The complaint follows the German banking authorities' decision to allow Westdeutsche Landesbank (WestLB) and other public sector banks to consolidate their housing finance subsidiaries. This decision should be investigated by the European Commission, the association urged.

The Bundesaufsichtsamt für das Kreditwesen – the supervisory body for the banking sector – ruled last week that public sector banks should be able to treat the capital locked up in housing finance subsidiaries as core equity capital under tough new European Community-wide capital adequacy rules which took effect at the beginning of the year.

Private sector banks have had to hold expensive rights issues to meet the rules and are bitter at what they see as the unfair advantage given to public sector competitors.

The association singled out WestLB, the acquisitive Düsseldorf-based public sector bank, for special criticism as its capital would be bolstered by DM4bn as a result of the ruling. The ruling allows WestLB, the strongest public sector bank in Germany, to consolidate the assets acquired on the acquisition of WFA, the housing finance subsidiary for the state of North-Rhine Westphalia acquired in 1991.

WestLB is controversial in Germany as a result of its aggressive approach to industrial investments and its determination to take the lead in the restructuring of the public banking sector. Critics fear that access to the new capital will allow chief executive Mr Friedel Neuber to pursue a more aggressive policy.

On Monday, WestLB said it had increased its stake in the Thomas Cook travel business to 86 per cent from 10 per cent in spite of investigations by the Berlin cartel office into its mounting influence over the German travel industry. WestLB said that its holding in the former Midland Bank subsidiary would be combined with other travel interests in a new wholly-owned subsidiary, TCT Touristik Beteiligungs.

M and S picks up seasonal boost

By Neil Buckley in London

MARKS and Spencer, the UK food and clothing retailer, gave another small boost to confidence in the retail sector yesterday as it announced it had performed well over Christmas, with full-price sales higher than last year.

M and S shares rose 8p to 333p on the news, which followed a similar statement on Monday from the Storehouse group, which includes BhS and Mothercare.

Institutional investors are awaiting with interest trading statements expected from Boots on Friday and Ratners next week, and Dixons' interim results next Wednesday, for further signs that Christmas trading was stronger than last year. January sales were widely reported last week to have enjoyed their busiest start for years.

M and S said its performance had been encouraging throughout the Christmas period, with trading particularly strong in the three weeks to January 2.

Heavy buying in the week up to Christmas left it with considerably less stock to be marked down for the post-Christmas sales than last year.

Full-price sales were well up on last year, although, the company said: "We are not talking double figures". Analysts are maintaining their forecasts for pre-tax profits of between £720m and £730m for the year to March 31, from £623.5m last year.

The chain said sales of clothing had been strong and there had also been a "noticeable upturn" in home furnishings from September onwards. On the food side, fresh foods, recipe dishes and speciality Christmas dishes sold well, although sales were affected by the decision not to open on Sundays. M and S said it was assessing the impact of the decision, and the extent to which it was offset by longer weekday opening hours.

Retailers and analysts still warn against seeing the news of brisk trading during the sales as the first sign of economic recovery.

M and S said trading patterns were similar to 1987 – the last time Christmas Day fell on a Friday, resulting in a long final week before Christmas, and January sales beginning on bank holiday Monday.

"Economically, you couldn't find two more diverse years, but the pattern of trading was very similar," M and S said.

Upjohn to expand French plant

UPJOHN is expanding its pharmaceutical chemical plant in Val de Reuil, northern France, for a total investment estimated to be $35m, Reuter reports from Kalamazoo.

The US group said the expansion, which is expected to become operational in 1995, would integrate the most advanced technologies in quality control, productivity and environmental protection.

Mr William Parfet, president, said the investment would enable it to meet increased demand for non-US clinical supplies.

Contest opens for control of Ebro

By Tom Burns in Madrid

THE SALE by two institutions of stock in Ebro, the big Spanish sugar and rice producer, has opened the contest for control of what is considered the pearl of the Kuwait Investment Office's investments in Spain.

The stock was held as collateral for loans to Ebro's main shareholder, Grupo Torras, the KIO's troubled Barcelona-based holding company.

Torras, which went into receivership last month after the KIO claimed it had sustained losses of $4bn, owns 36 per cent of Ebro, a company which closed its financial year in September with estimated net profits of $54m and a $96m positive cash-flow. Nearly all of Torras' shareholding in Ebro is, however, pledged to creditor banks.

Banco Bilbao Vizcaya, which has outstanding loans of $22m to Torras guaranteed by some 5 per cent of Ebro's equity, has emerged as an early player in the contest for the food company by acquiring 0.8 per cent of its stock which was held as a collateral by Italy's Banco di Roma.

A second minor Torras creditor, the savings bank Caja del Penedes, has sold just under 1 per cent of Ebro's equity in order to recover its loans. Brokers said the Penedes-held shares were widely spread, although the BBV securities house is understood to have been an active buyer.

As well as from the BBV, Torras also borrowed substantially against Ebro from Bank of America, Sumitomo and Chase Manhattan. Bank of America's Ebro-pledged loans to Torras are believed to be in excess of $86m.

The initial interest shown by BBV in Ebro stock has fuelled speculation that the bank could be acting in partnership with the Ferruzzi group for the Italian agribusiness giant has in the past joined forces with the BBV to acquire major stakes in Spain's edible oils sector.

Schering turns to core operations

The chemicals group is selling a series of assets, writes Leslie Colitt

SCHERING, the Berlin-based pharmaceuticals and chemicals group, is focusing on core operations through a series of asset disposals.

Last month, the group completed the sales of two of its divisions, manufacturing industrial chemicals and natural substances divisions, to Witco of the US for DM660m ($415m). This month it will transfer its electro-plating operations to Elf Atochem of France. It is actively seeking a partner for the flagging agrochemicals business.

The aim is to dispose of activities in which Schering holds a small part of the market and has little chance of becoming a significant player. Sales of the three disposed divisions were DM895m in the first nine months of this year, compared with DM1.06bn in agrochemicals. Mr Giuseppe Vita, the Italian chairman of Schering's executive board, emphasised the company had no intention of selling off its agrochemicals business but was open for "global or regional alliances" as well as co-operation.

The search for a partner in agrochemicals is taking on added urgency as Schering's output of pesticides and herbicides slid 12 per cent in the first three quarters of last year. This made up 21.8 per cent of group turnover, compared with 25.2 per cent in the same period of 1991.

Agrochemicals producers have been hit by a slump in the market and it is among these companies that Schering is seeking a partner. Talks collapsed two years ago with Sandoz on a 50-50 joint venture in agrochemicals after the Swiss company raised its sights to include a share in Schering's lucrative pharmaceuticals business.

A company source said Hoechst, the German chemicals company, was seen as a favourite to take over Schering's agrochemicals division. The EC's reform of the common agricultural policy is seen as the main culprit for the fall in the agrochemicals market. Farmers, faced with cuts in subsidies for grain production, are reducing their purchases of plant protection agents. The payments farmers are to receive for each hectare of land they take out of cultivation is regarded as a further disincentive to buy agrochemicals.

Mr Vita said the effect of these measures would be a reduction in the European agrochemicals market of about 15 per cent. Grain production was likely to shrink by up to 25 per cent which would affect Sportak, Schering's top-selling herbicide. Sportak is produced exclusively by Schering's UK subsidiary, the former FBC, which last year closed down part of its plant producing Sportak at Hauxton because of excess capacity.

More than 50 per cent of the company's agrochemicals are produced by the UK subsidiary which, along with German agrochemicals output, will bear the brunt of a rationalisation programme. The group's UK agrochemicals operations employ about 1,800 people. Schering began reducing personnel throughout its agrochemicals business in 1990 and by 1994 aims to cut the workforce by 20 per cent. The company believes it has a strong hand to play in its co-operation talks with other agrochemicals producers. Schering's beetroot herbicide and grain fungicide each has an annual turnover of more than DM200m.

As a result of last year's divestitures, Schering's turnover this year will drop 20 per cent to roughly DM5bn. Pharmaceuticals will make up 75 per cent of sales and agrochemicals the remainder.

Mr Vita said the company intended to concentrate its pharmaceutical activities on Europe, the US and Japan, which would make it less susceptible to economic and exchange rate fluctuations. However, although pharmaceuticals sales rose 10 per cent in the first nine months to DM2.9bn, group earnings dropped 6 per cent to DM201m because of the depressed state of chemicals market and adverse exchange rates.

Development and marketing costs are to be reduced by increased co-operation with other companies. This year Schering entered into a co-operation agreement on diagnostics with Sterling Winthrop, the US pharmaceuticals company, under which Schering has an option on all of Sterling Winthrop's diagnostics for magnetic resonance tomography. In return, the US company will be able to introduce Schering's Omniscan diagnostic for which it holds worldwide patent rights. A similar co-operation deal was concluded last year with Bristol-Myers Squibb of the US.

Televisa in US satellite expansion

By Damian Fraser in Mexico City

TELEVISA, Mexico's largest media group, has bought 50 per cent of PanAmSat LP, the privately-owned US satellite company, for $200m. The deal has received approval from the US Federal Communications Commission.

PanAmSat operates one satellite for broadcasting over the Atlantic region. However, it plans to put into orbit another three covering the Atlantic, Pacific and Indian oceans before 1996 which would make it the world's only private global satellite communications network.

The purchase fits in with Televisa's strategy of becoming a global, vertically integrated media company. Televisa is a large producer of television programmes, and will now have full control of their distribution across the world.

The acquisition will free it from Mexican government regulations on satellite broadcasting.

The purchase is not expected to affect Televisa's earnings until 1996.

US investor group acquires Karhu

CONTROL of the world's largest ice hockey equipment manufacturer, Karhu Canada, of Montreal, has moved from Finland to the US, writes Robert Gibbens in Montreal.

A US investor group, led by New York investment bankers Mancuso, is buying 84 per cent of Karhu from Asko Holdings of Finland for C$108m (US$90m).

Karhu's hockey sticks are used by half the National Hockey League players in North America. The company recorded sales of around C$110m and employs 600 in North America and Europe.

The new owners will inject capital into Karhu with the aim of increasing market share in the US and entering eastern Europe, said Mr Douglas Barbor, president. Mr Barbor founded Karhu in 1976 and Asko bought control in 1981.

Scud missile launcher among Budge assets

By Ian Hamilton Fazey, Northern Correspondent

A SCUD missile launcher, 50 racehorses, a gold mine in Arizona and a narrow-boat building yard are among the assets of AF Budge which the Leeds office of Coopers & Lybrand is now trying to sell.

The privately-owned East Midlands civil engineering group was forced into receivership by its bankers after running out of £20m ($28m) of borrowing facilities. Budge's bankers are believed to have been unimpressed at the integration of private passion into corporate structure. Other subsidiaries include an airport at Gamston, Nottinghamshire, where Budge was based.

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Computer survey confirms shift from mainframes

By Louise Kehoe in San Francisco

MAINFRAME computer sales declined sharply in 1992, with International Business Machines taking the brunt of the decline, according to a market survey. IBM's mainframe computer revenues were down 21 per cent on the previous year, analysts estimate.

Dataquest, in its annual market survey, said world sales of all types of computers fell by \$2.5bn, to \$104.5bn. It said the decline reflected the sluggish worldwide economy; the shift from mainframes to client/server networks; and a significant reduction in the cost of technology, coupled with heavy discounting by manufacturers struggling to maintain market share.

Mainframe computer sales fell almost 16 per cent from the previous year to \$22.5bn in 1992. But sales of mid-range computers, workstations and personal computers increased, with PCs showing the strongest growth, up 7 per cent at \$46.5bn.

Sales of mid-range computers, minicomputers commonly used as "servers" in PC networks, surpassed mainframe sales for the first time.

"However, this should not be taken as the death of the mainframe market," said Ms Nancy Stewart, senior industry analyst in Dataquest's Worldwide Computer Systems and Peripherals Group.

Mainframes still account for 22.5 per cent of total computer systems sales, she noted. "It is expected, however, that the shift in buyer preference away from mainframes ... will continue to erode the mainframe's share of the total worldwide computer systems market," she added.

The trend was recently acknowledged by IBM, which is cutting investment in mainframe technology development and reducing its workforce.

But IBM still holds a clear lead in the mainframe market, with 1992 sales of \$11.8bn representing 52.2 per cent of the world market. Its closest rival is Fujitsu of Japan, with estimated 1992 sales of \$2.1bn.

In the PC market, IBM also leads, although its winning margin has narrowed over the past year. According to Dataquest, IBM's PC revenues were \$5.8bn last year, with Apple computer gaining market share to reach \$5.5bn.

Renong to to sell bulk of media interests

By Kieran Cooke in Kuala Lumpur

MALAYSIA'S Renong group, the sprawling conglomerate controlled by the United Malays National Organisation (UMNO), the country's main political party, has announced plans to sell the bulk of its newspaper and TV interests.

Renong is to sell its 48 per cent stake in The New Straits Times Press (NSTP), Malaysia's largest newspaper and publishing group, and its 43 per cent shareholding in TV3, the country's only privately-owned TV station, for M\$800m (US\$320m).

A management buyout of both enterprises is being undertaken with Realmild, a company formed by four senior NSTP executives, taking the entire Renong shareholding in both companies.

The deal values Renong's 86.5m NSTP shares at about M\$7.12 each and the 36.7m TV3 shares at M\$5 each. Mr Mohamd Noor Matalib, a Realmild official, said a premium had to be paid to gain control of the two companies. NSTP shares closed on the Kuala Lumpur exchange yesterday at M\$5.90, while TV3 shares closed at M\$3.90.

Realmild is believed to have close links with Mr Anwar Ibrahim, Malaysia's finance minister. Mr Anwar is said to be positioning himself to succeed Dr Mahathir Mohamad, Malaysia's prime minister.

Political analysts said Mr Anwar has had differences with senior Renong figures over the direction of the country's media. They say the Realmild buyout will give Mr Anwar vital control of a key part of the country's media in advance of important Umno elections later this year.

The NSTP earned pre-tax profits of M\$96m for the year ending August 31 1992, compared with M\$82m the year before. TV3's taxable profits rose 26 per cent to M\$34m in the year to August 31 1992.

Renong is one of Malaysia's most powerful conglomerates.

The true-life corporate soap opera at Astra

William Keeling traces the likely fate of Indonesia's second-largest company

ASTRA International, Indonesia's second-largest company which dominates the country's motor vehicle sector, has for two months been the subject of a true-life corporate soap opera.

With the Soeryadjaya family, the company's founders, selling shares to raise funds for their privately-owned, bankrupt Bank Summa, the sires of Indonesian business have been publicly fighting for a stake.

The battle, involving multiple back-stabbing of the highest order, has undermined investor confidence in the country, raised the cost of offshore borrowing for Indonesian companies and damaged the government's reputation for crisis management.

"It's interesting, but it's frightening as well. There's no damage control we can do," noted one despondent government official.

Until November 13, the Soeryadjayas owned 178m Astra shares, or 73 per cent of the company. With the suspension of Bank Summa, and its subsequent order of liquidation with outstanding obligations of Rp1,600bn (\$767m), the Soeryadjayas began to dispose of Astra shares.

To date, 20m shares have been sold to the pension fund of state-owned Bank Dagang Negara and 26m shares to state-owned mutual trust Danareksa on behalf, brokers say, of a second state-owned bank.

A further 20m shares have been purchased through Danareksa by Newark Ltd, a Honk Kong shelf company, to be held in escrow while negotiations continue for their purchase with Toyota, Astra's main joint-venture partner.

By authorising these deals, the government has done a swift U-turn from its position in November. Then, officials stressed they wished to avoid bailing out Bank Summa, even by the indirect means of using state institutions to purchase Astra shares.

The December 15 liquidation order on Bank Summa also placed the Soeryadjayas in default on a Rp500bn loan from a three-bank consortium – state-owned Bank Exim and Bapindo, and Bank Danamon – against which 100m Astra shares were pledged.

The banks may now claim these shares, which would place a majority Astra holding under government control.

Perhaps, for this reason, the Soeryadjayas have been given the breathing space to negotiate the sale of up to 108m shares to a consortium led by Mr Prajogo Pangestu, a well-connected timber tycoon.

Mr Pangestu was a key-figure behind the 1990 rescue of Bank Duta, owned by three charitable foundations chaired by President Suharto, when it suffered \$419m in foreign exchange losses.

His consortium reportedly includes the Salim group, led by Mr Liem Sioe Liong, a shareholder in Indomobil, Astra's main competitor; the Sinar Mas Group, headed by Mr Eka Widjaya; and Mr Sofyan Wanandi's Gemala Group.

Negotiations between the Soeryadjayas and Mr Pangestu have not gone smoothly. In mid-December, an agreement was signed but then blocked by Mr Sumitro Djojohadikusumo, Astra's chairman, who said Toyota and banks with exposure to Astra opposed the make-up of the consortium.

Mr Djojohadikusumo has since resigned and an Astra official has confirmed a second deal has been struck and is awaiting government approval.

Bankers say the deal involves the purchase of at least 100m shares at Rp10,000 a share. The funds would be used to repay the Rp500bn Exim-Bapindo-Danamon loan, and to help clear the debts of companies in the Soeryadjayas' Summa group, mostly involved in international property, which government officials say owe Bank Summa over Rp500bn.

The Soeryadjayas equity in Summa group companies is likely to be passed to the consortium. The consortium would then create a new bank, with a capital injection of Rp100bn, to which Bank Summa depositors' accounts would be transferred.

The deal, however, faces serious obstacles. Astra's financial security – it owes more than \$900m to foreign banks, two-thirds of which is to be rescheduled within the next 12 months – depends upon the support of its bankers.

In turn, this depends upon Toyota backing the consortium. According to an Astra official, Toyota have demanded conditions for its approval, such as the management of Astra and its big subsidiaries remaining intact.

Bankers say other conditions include consortium members buying shares as individuals, not as a group, and a cap on an individual's shareholding. But confidence in Astra has already been damaged and, as one foreign bankers explained, the company must expect a "huge difference in pricing" when its loans are rescheduled.

If the sale is completed, the consortium must persuade Bank Summa's depositors to maintain their accounts with the new bank. Any run on deposits would demand the injection of more funds. While finance could be raised by selling Summa group assets, brokers say this is complicated by the Soeryadjayas not holding a majority interest in many of the related companies.

Nor are Bank Summa's liabilities clear. Bankers say that by November its 1991 accounts had yet to be finalised.

Brokers suggest the consortium is paying too high a price for the shares, valuing the company over 30 times estimated 1992 earnings against a market average of 15 times.

Bankers are concerned, therefore, the consortium, although not holding a majority stake, will look to Astra for a quick return on what is a high-risk investment. This is unlikely to come from Astra's net profits which are estimated to have fallen 66 per cent in 1992 to about Rp75bn.

Brokers believe 1993 will see Astra's profits rise but differ on the scale. But they note other means to raise money. While Astra's automotive sector accounts for 80 per cent of its bottom line, it also has timber, agribusiness, financial services and electronics divisions. As one foreign broker noted: "Astra may be ripe for an asset strip."

Philips ahead in Europe's semiconductor rankings

By Alan Cane

PHILIPS of the Netherlands fended off Intel of the US in 1992 to maintain its 15-year record as Europe's largest semiconductor supplier, according to figures collated by Dataquest Europe.

The Dutch company had sales of \$1.12bn, just \$16m ahead of Intel, the world's largest merchant semiconductor manufacturer with worldwide sales in excess of \$5bn. Intel's success is built on its best-selling microprocessors, including the 386 and 486 chips used in the majority of personal computers of IBM design.

In Europe, the company's revenues grew 45 per cent, taking it from fifth to second place. Its US competitor, Motorola, moved to third with sales of \$976m, a 26 per cent advance on the year before. European companies Siemens and SGS-Thomson slipped to fourth and fifth places respectively.

Mr Michael Glennon of Dataquest said the results reflected the demand of the PC industry for state-of-the-art components.

"While European companies have access to the technology, they have not leveraged it to their own advantage in the same way as their US and Japanese competitors," he said.

Daewoo to lease industrial park in Pakistan

SOUTH KOREAN companies will acquire an industrial complex in Qasim Port, near Karachi, this year, Mr Nawaz Sharif, the Pakistani prime minister, said yesterday in a meeting with the chairman of Daewoo, the South Korean conglomerate, in Islamabad, writes John Burton in Seoul.

Mr Kim Woo-choong, the Daewoo chairman, said there would be a ban on trade union activity at the industrial park, which will be leased by Daewoo.

He added that 17 Korean companies were interested in the industrial complex and investment could total \$400m.

Santos acquires AGL oil assets

By Kevin Brown in Sydney

SANTOS, the Australian energy group, yesterday consolidated its leadership of the domestic onshore energy industry by acquiring most of the upstream oil and gas assets of Australian Gas Light (AGL) for A\$177.5m (US\$126.7m).

The deal was well received by the financial markets. Santos shares closed 12 cents higher on the Australian Stock Exchange at A\$2.78. AGL also closed 12 cents higher at A\$2.84.

However, analysts said the deal could reduce Santos' prospects of winning court approval for a renewed takeover offer for Sagasco Holdings, the South Australian oil and gas group. Santos was forced to drop a A\$560m bid for Sagasco in November after the Trade Practices Commission (TPC), the federal competition watchdog, ruled it would give the group an effective monopoly over onshore gas reserves.

Santos, which bought 19.9 per cent of Sagasco shortly after abandoning the bid, has indicated the offer may be revived if the federal court rules against the TPC in a hearing expected to take place in April.

"Our advice is that the takeover bid did not breach [the Trade Practices Act] so [the AGL acquisition] does not really change that situation," said Mr John McArdle, commercial general manager of Santos.

The deal will significantly increase Santos' presence in Queensland, where it will acquire the Moonie oilfield, the Moonie-Brisbane pipeline, majority ownership of the Jackson-Moonie pipeline, 50 per cent of the Denison Trough gas project and 83 per cent of the Roma gas fields.

Mr Len Bleasel, AGL managing director, said the sale price was A\$7.8m above the book value of the assets. "We will be using the money mainly to retire debt and strengthen our gearing ratios with an eye to expand downstream gas operations," he said.

Report helps Siddons Ramset resist takeover

By Kevin Brown

SIDDONS Ramset, the Australian hardware group fighting two takeover bids, got support yesterday from a stockbrokers' report valuing it higher than both offers.

Falkiners, a Melbourne stockbroking firm, said the bids "seriously undervalue" Siddons, adding its shares were worth at least A\$2.65 (US\$1.84), including a 20 per cent premium for control. BBA, the UK toolmaker, has bid A\$1.81 a share through Pacific BBA, and Illinois Tool Works, the US group, has bid A\$2 a share through W. A. Deutsher.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 03.01.93: Pool purchase price £/MWh	Final Prices for Trading on 05.12.92: Pool purchase price £/MWh	Pool selling price £/MWh
0030	17.72	17.77	17.77
0100	21.69	34.69	36.58
0130	26.00	34.69	36.56
0200	26.00	34.69	36.45
0230	21.89	27.88	29.10
0300	20.85	39.06	40.85
0330	19.95	39.06	40.87
0400	19.48	24.49	25.86
0430	17.48	21.82	23.11
0500	17.45	21.34	22.62
0530	17.45	17.62	17.62
0600	17.45	17.62	17.62
0630	17.45	17.69	17.69
0700	17.45	17.70	17.70
0730	17.45	17.70	17.70
0800	17.45	17.70	17.70
0830	17.45	17.69	17.69
0900	17.45	17.71	17.71
0930	20.98	22.58	24.01
1000	18.16	23.03	24.43
1030	19.04	23.52	24.91
1100	20.98	24.62	26.04
1130	21.87	24.62	26.02
1200	21.87	29.35	30.93
1230	26.00	29.35	30.93
1300	26.00	29.35	30.93
1330	21.87	29.35	30.96
1400	20.98	20.49	20.49
1430	17.50	18.33	18.33
1500	17.49	17.77	17.77
1530	17.71	17.87	17.87
1600	17.68	18.69	18.69
1630	21.60	25.88	27.32
1700	20.98	25.88	27.28
1730	26.00	29.46	30.98
1800	26.00	29.46	30.98
1830	22.43	29.46	30.97
1900	22.43	25.88	27.25
1930	21.60	24.62	25.94
2000	21.60	24.62	25.98
2030	20.98	23.67	25.18
2100	20.98	23.58	24.89
2130	20.98	23.52	24.85
2200	19.71	23.52	24.86
2230	19.65	23.52	24.88
2300	19.43	17.77	17.77
2330	17.48	17.71	17.71
2400	17.46	17.62	17.62

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.88/MWh becomes 1.688p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by NGC Settlements Limited. Anyone wishing to receive such information should telephone 0602-456780 between 8.30am and 5.15pm Monday to Friday.

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Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 04.01.93: Pool purchase price £/MWh	Final Prices for Trading on 07.12.92: Pool purchase price £/MWh	Pool selling price £/MWh
0030	19.50	17.87	17.87
0100	23.46	25.11	26.97
0130	24.89	44.50	47.23
0200	24.89	44.50	47.06
[illegible]	[illegible]	[illegible]	[illegible]

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.88/MWh becomes 1.688p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by NGC Settlements Limited. Anyone wishing to receive such information should telephone 0602-456780 between 8:30am and 5:15pm Monday to Friday.

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Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 05.01.93: Pool purchase price £/MWh	Final Prices for Trading on 08.12.92: Pool purchase price £/MWh	Pool selling price £/MWh
0030	18.10	17.72	17.72
0100	18.60	22.92	24.26
0130	26.71	26.17	29.70
0200	26.71	26.17	29.85
[illegible]	[illegible]	[illegible]	[illegible]

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.86/MWh becomes 1.686p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by NGC Settlements Limited. Anyone wishing to receive such information should telephone 0602-456780 between 8:30am and 5.15pm Monday to Friday.

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FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key currencies on Thursday, December 31, 1992. In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

COUNTRY		£ STG	US $	D-MARK	YEN (X 100)
[illegible]		[illegible]	[illegible]	[illegible]	[illegible]
Egypt	(Egyptian £)	5.03	3.3223	2.0509	2.6613
El Salvador	(Colon)	13.0115	8.5941	5.3054	6.8843
Equat'l Guinea	(CFA Fr)	418.25	276.255	170.54	221.296
Estonia	(Kroon)	19.8960	13.1413	8.1125	10.5269
Ethiopia	(Ethiopian Birr)	7.4795	4.9402	3.0497	3.9574
Falkland Is	(Falk £)	1.00	0.6605	0.4077	0.5291
Faroe Is	(Danish Kroner)	9.5000	6.2747	3.8735	5.0264
Fiji Is	(Fiji $)	2.3845	1.5749	0.9722	1.2616
Finland	(Markka)	7.9388	5.2436	3.237	4.2004
France	(Fr)	8.3650	5.525	3.4108	4.4259
Fr. Cty/Africa	(CFA Fr)	418.25	276.255	170.54	221.296
Fr. Guiana	(Local Fr)	8.3650	5.525	3.4108	4.4259
Fr. Pacific Is	(CFP Fr)	150.00	99.0752	61.162	79.365
Gabon	(CFA Fr)	418.25	276.255	170.54	221.296

COUNTRY		£ STG	US $	D-MARK	YEN (X 100)
[illegible]		[illegible]	[illegible]	[illegible]	[illegible]
Morocco	(Dirham)	12.5800	8.3091	5.1294	6.656
Mozambique	(Metical)	4158.50	2746.7	1695.62	2200.26
Namibia	(S A Rand)	4.6268	3.056	1.8865	2.448
Nauru Is	(Australian $)	2.2035	1.4554	0.8984	1.1658
Nepal	(Nepalese Rupee)	70.7145	46.707	28.8336	37.415
Netherlands	(Guilder)	2.7550	1.8196	1.1233	1.4576
N'nd Antilles	(A/Guilder)	2.7145	1.7929	1.1068	1.4362
New Zealand	(NZ $)	2.9485	1.9474	1.2022	1.56
Nicaragua	(Gold Cordoba)	7.5825	5.0082	3.0917	4.0119
Niger Rep	(CFA Fr)	418.25	276.255	170.54	221.296
Nigeria	(Naira)	32.6050	21.5356	13.2945	17.2513
Norway	(Nor. Krone)	10.4725	6.9171	4.2701	5.541
Oman	(Rial Omani)	0.5850	0.3863	0.2385	0.3095

COUNTRY		£ STG	US $	D-MARK	YEN (X 100)
[illegible]		[illegible]	[illegible]	[illegible]	[illegible]
Vanuatu	(Vatu)	181.85	120.112	74.1488	96.2169
Vatican	(Lira)	2230.75	1473.41	909.582	1180.29
Venezuela	(Bolivar)	120.40	79.5244	49.0927	63.7037
Vietnam	(Dong)	16241.70	10727.7	6622.51	8593.49
Virgin Is-British	(US $)	1.5140	1	0.6173	0.801
Virgin Is-US	(US $)	1.5140	1	0.6173	0.801
Western Samoa	(Tala)	3.8315	2.5307	1.5622	2.0272
Yemen (Rep of)	(Rial)	25.0225	16.5274	10.2028	13.2394
Yemen (Rep of)	(Dinar)	0.7050	0.4656	0.2874	0.373
Yugoslavia	(New Dinar)	1137.35	751.222	463.751	601.772
Zaire Rep	(Zaire)	2960800.0	1955614	1207258	1566561
Zambia	(Kwacha)	498.95	329.557	203.445	263.995
Zimbabwe	($)	8.2780	5.4676	3.3753	4.3798

Special Drawing Rights December 30, 1992 United Kingdom £0.909573 United States $1.37862 Germany D Mark 2.22219 Japan Yen171.276
European Currency Unit Rates December 31, 1992 United Kingdom £0.798221 United States $1.21090 Germany D Mark 1.95560 Japan Yen151.060

Abbreviations: (a) Free rate; (b) Banknote rate; (c) Commercial rate; (d) Controlled rate; (e) Essential imports; (g) Financial rate; (h) Exports; (i) Non commercial rate; (j) Business rate; (k) Buying rate; (l) Luxury goods; (m) Market rate; (n) Public transaction rate; (o) Official rate; (p) preferential rate; (q) convertible rate; (r) parallel rate; (s) Selling rate; (t) Tourist rate (u) Currencies fixed against the US-Dollar (v) Floating rate; ♦ CIS applies to states in the Rouble Zone.
Some data supplied by Bank of America, Economics Department, London Trading Centre. Enquiries: 071 634 4360/5.
Thursday, December 31, 1992

INTERNATIONAL CAPITAL MARKETS

Japanese brokers prepare to move into banking

By Emiko Terazono in Tokyo

JAPAN'S big four securities houses – Nomura Securities, Daiwa Securities, Nikko Securities and Yamaichi Securities – are likely to establish trust banking subsidiaries during the second half of this year.

The move is planned after the enactment of the financial reform law, which will allow brokers and banks to partially enter each other's business. This takes place in April.

Japan's brokers, however, are moving ahead slowly with plans to enter the banking arena, as the merits are yet to be assessed. "We're not quite sure of the short-term returns," said Nikko Securities.

Deregulation of financial barriers between the securities and banking industries has decelerated substantially due to strong opposition from the country's ailing brokerages.

The government's original schedule was to allow banks to underwrite securities and eventually play a larger role in stock trading. However, the ministry limited the banks' entry to the bond market.

In return for the banks' *entry into the bond underwriting* business, brokerages' subsidiaries will be allowed to accept investment trusts, operate fund trusts and engage in some banking activities.

● Musashino Bank, the *regional bank, plans a rights* issue at Y2,880 a share. The financing, which will increase the number of shares in issue by 14 per cent, is aimed at strengthening the bank's management base amid the increasingly severe market conditions. Musashino shares closed yesterday in Tokyo at Y5,780.

● Kawasaki Steel plans to issue sponsored American Depositary Receipts for over-the-counter trade today through Morgan Guaranty Trust.

Sponsored ADRs are provided by a single sponsoring bank, with costs and fees carried by the issuing company.

Issue flood tests investor demand

By Brian Bollen

NEW-ISSUE fever broke out in the international bond markets yesterday. Some bankers expressed bewilderment about whether investor demand will match the flow of issues, particularly with large transactions also coming soon from the World Bank and the Province of Ontario. "It's the new-issue shop going mad again, just because it's the start of the year," said one.

INTERNATIONAL BONDS

The credit quality of borrowers joining in the early year stampede remained high, however, with top-rated supranationals featuring prominently.

Credit Suisse First Boston said the two US dollar straights it launched for Toyota Motor Credit Corp and Intelsat were both successful for different reasons.

The $300m three-year issue from Toyota, along with Ford Credit Australia, one of only two pure corporate borrowers so far this year, sold to both institutional and retail investors on its name recognition and benefited from a dearth of quality paper at the shorter end, said CSFB.

Other bankers agreed that the spread on the $150m seven-year issue for Intelsat, the international satellite network, was right, but that while the credit appealed to them, Intelsat's paper tends to be held to maturity by institutional investors rather than traded.

CSFB said it was premature to comment on rumours that Nordic Investment Bank was looking to do a $500m five-year issue through it as lead manager.

The number of collared floating rate note issues is already giving cause for concern. While acknowledging the appeal of the interest rate floor these offer to investors, some bankers feel that with eight issues totalling $1.1bn in the first two working days of the year, there may be too much product in the market for the moment.

European Investment Bank's $250m 10-year issue was arguably *the pick of the day's* new collared floaters, while Export Development Corp of Canada's tighter priced $100m issue with the same maturity looked unlikely to sell out quickly. Merrill Lynch, the lead manager, acknowledged that EDC's pricing was tight but argued that it is an infrequent borrower which sells well in Switzerland.

A number of borrowers are considering tapping the *Canadian dollar market, say* bankers, for a combination of traditional reasons.

The currency is currently around its historical low point against the US dollar, leaving room for possible currency appreciation, and investors are attracted by the yield pick up over the US dollar of around 120 to 130 basis points.

In the swaps market, spreads are historically high, offering some of the best opportunities around to achieve sub-Libor funding.

The short burst of activity is not necessarily matched by investor demand, however, and banks are wary of repeating last year's oversupply when *there were some C$3bn of new* issues in January.

The volume of redemptions is unlikely to provide large-scale support for new issues until March, says Wood Gundy, when the bulk of the first quarter's C$2.4bn or so of redemptions are due to take place.

Nordic Investment Bank's C$150m five-year issue went reasonably well, said lead manager Daiwa Europe, although it will take some time *to sell.*

NIB is competing for attention with Credit Local's C$300m three-year issue, which was thought to be suffering because of its size and because Credit Local is perceived as having been a touch too active as a borrower in the various markets.

In the D-Mark sector, the Republic of Finland's DM2bn issue was priced in the middle of the indicated range, to yield 53 basis points over comparable US Treasuries.

Dresdner Bank, the lead manager, said the yield spread narrowed to 50-51 basis points in later trading. If it stays at that level, an increase is not ruled out. Deutsche Bank increased its self-led deal to DM1.5bn from DM1bn.

UBS Phillips & Drew is running the books on a £200m additional tranche to the Kingdom of Sweden's five-year issue launched last *November, taking* advantage, it said, of domestic and international interest in sterling.

UBS says that while the spread on the new tranche is 10 basis points higher than the original at 55 basis points over comparable gilts, the cost of funding to Sweden is less as swap rates have widened further.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
Pennzoil Co.(a)§	350	(a)	100	Jan.2003	(a)	Lehman Brothers
Toyota Motor Credit Corp.	300	5.375	101.1275	Jan.1996	1⅜/1¼%	CSFB
European Inv.Bank(b)‡	250	(b)	100	Jan.2003	50/25bp	Kidder, Peabody Int.
LKB(c)‡	200	(c)	99.75	Feb.2003	50/25bp	Swiss Bank Corp.
Intelsat(d)	150	6.75	100.865	Jan.2000	1⅞/1.675%	CSFB
Bayerische Vereinsbank(e)‡	100	(e)	100	Jan.2003	50/25bp	Merrill Lynch Int.
Export Development Corp.(f)‡	100	(f)	100	Feb.2003	50/25bp	Merrill Lynch Int.
D-MARKS						
Republic of Finland	2bn	7.5	102.4	Jan.2000	2½/2.2%	Dresdner Bank
Deutsche Fin.Netherlands(g)	500	7.5	103	Feb.2003	2½/1½%	Deutsche Bank
STERLING						
Kingdom of Sweden(h)	200	7.5	98.1	Dec.1997	¼/⅛%	UBS P&D/ SG Warburg
CANADIAN DOLLARS						
Crédit Local de France	300	7.5	101.1875	Feb.1996	1⅜/1.275%	Paribas Cap.Mkts.
Nordic Investment Bank	150	7.75	101.425	Feb.1998	1⅞/¼%	Daiwa Europe
GUILDERS						
Bank for Dutch Municipalities	400	7	100	Feb.1999	1/⅝%	SBC Nederland
De Nationale Investeringsbank	400	7.25	100.5	Feb.2003	1/⅝%	ABN Amro Holdings
AUSTRALIAN DOLLARS						
Ford Credit Australia	50	9.5	101.7	Feb.1996	2/1¼%	Hambros Bank
LUXEMBOURG FRANCS						
West LB Int.Luxembourg	2bn	7.75	102.2	Jun.2001	2/1½%	Kredietbank Luxembourg

Final terms and non-callable unless stated. §Convertible. ‡‡Floating rate note. a) Exchangeable into Chevron shares. $125m Euro tranche, $225m US tranche: tranches are fungible. Final terms fixed within a week: coupon indicated at 6¼-7%, share premium at 18-20% and fees at 1%. Callable after 5 years at par. b) Coupon pays 25bp below 6-month Libor. Minimum coupon 5¼%, maximum 8%. d) coupon 5%, maximum 8¼%. c) Coupon pays 25bp below 6-month Libor. Minimum coupon 5%, maximum 8¼%. d) Borrowers full name: International Telecommunications Satellite Organisation. e) Coupon pays 12½bp below 6-month Libor. Minimum coupon 5%, maximum 8¼%. g) Minimum coupon 5%, maximum 9¼%. f) Coupon pays 25bp below 6-month Libor. Minimum coupon 5%, maximum 8%. g) Issue launched on Monday was increased to DM1.5bn. h) Fungible from payment date with outstanding £600m launched on 12/11/92. Plus 52 days accrued interest.

Bank of France acts to protect franc against speculators

By Sara Webb in London and Patrick Harverson in New York

THE European government bond markets continued to be driven by currency movements yesterday, with the Bank of France forced to raise its overnight interest rate in order to curb speculation against the French franc, while both the German and French central banks stressed their commitment to defending the D-Mark/franc parity.

GOVERNMENT BONDS

Early in the trading session, the Bank of France suspended its 10 per cent five-to-10 day lending rate and announced an overnight lending rate of 12 per cent.

The move was intended to halt speculation against the franc by making it more expensive for speculators to borrow funds.

The Bundesbank revealed that it had spent DM3.5bn on intervention to defend the franc on Monday, when the *financial markets reopened* after the holiday break. The Bundesbank and Bank of France issued a joint communique, stating their intention to defend the franc's parity against the D-Mark.

French government bonds ended the day slightly weaker, but some dealers remained sceptical over whether the franc can avoid a devaluation.

■ GERMAN government bonds closed higher on the day on hopes that the Bundesbank would cut interest rates to alleviate tensions within the European exchange rate mechanism.

The Liffe bund futures contract rose from the opening level of 92.63 to reach a high of 92.88 before falling back to around 92.85 by late afternoon.

Dealers noted particularly strong demand for two-year and three-year paper, leading to a flattening of the yield curve in that area, while in the five-to-10 year area the yield *curve steepened slightly.*

Investors are continuing to flock to the D-Mark bloc because of its safe-haven status at times of currency turmoil.

■ UK government bonds closed as much as half a point lower as hopes of a cut in base rate receded and investors took profits.

Dealers pointed to signs that the UK economy may at last be pulling out of recession, citing yesterday's provisional money data for December which showed M0 rising at 3 per cent on the year.

Mr John Shepperd, economist at S. G. Warburg Securities, said that the Bank of England's money market operations yesterday also suggested that a base rate cut may be delayed until later in the spring. A delay in the next interest rate cut may have contributed to sterling's strength.

In the cash market, the 9 per cent Treasury stock due 2008 ended at 102¾ to yield 8.67 per cent against Monday's close of 103$\frac{11}{32}$.

■ JAPANESE government bonds rallied strongly on the back of stock market weakness and hopes of an easing in interest rates, with the cash and futures markets touching their highest levels in four years.

The March futures contract climbed to a new high of 108.50 before ending the day at 108.45, up from its opening level of 108.25. In the cash market, the yield on the benchmark No 145 issue moved to 4.495 per cent, corresponding to the highest price level for the benchmark bond since December 1988, before ending at 4.505 per cent.

■ US Treasury prices eased across the board yesterday morning in the wake of Monday's strong rally.

By midday, the benchmark 30-year government bond was down $\frac{5}{32}$ at 103$\frac{7}{16}$, yielding 7.333 per cent. At the short end of the market, the two-year note was down $\frac{1}{16}$ at 100¼, to yield 4.475 per cent.

In the absence of fresh economic news, prices slipped into negative territory as the market set about consolidating the gains earned on Monday, when the long bond advanced almost a full point. Traders said that underlying sentiment had not shifted, and remained positive in the expectation of moderate, inflation-free economic growth in 1993 and no major fiscal stimulus package from the Clinton administration.

FT FIXED INTEREST INDICES

	Jan 5	Jan 4	Dec 31	Dec 30	Dec 29	Year ago	High *	Low *
Govt.Secs(UK)	93.99	94.05	94.34	94.41	94.09	87.10	95.54	85.11
Fixed Interest	109.53	109.51	109.81	109.67	109.46	97.41	110.26	97.15

Basis 100: Government Securities 15/10/26; Fixed Interest 1928.
* for 1992/93. Government Securities high since compilation:127.40 (9/1/35), low 49.18 (3/1/75)
Fixed Interest high since compilation: 110.26 (12/11/92), low 50.53 (3/1/75)

GILT EDGED ACTIVITY

Indices*	Jan 4	Dec 31	Dec 30	Dec 29	Dec 24
Gilt Edged Bargains	88.2	46.0	63.3	51.1	40.9
5-Day average	49.8	58.1	73.5	78.6	86.4

* SE activity indices rebased 1974

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		10.000	10/02	106.5871	-0.098	8.97	8.92	8.84
BELGIUM		8.750	08/02	105.9000	-	7.84	7.83	8.02
CANADA *		8.500	04/02	103.7500	+0.050	7.92	7.91	8.00
DENMARK		9.000	11/00	99.8500	-	9.02	8.91	9.05
FRANCE	BTAN	8.500	03/97	101.2998	-0.278	8.10	7.96	8.12
	OAT	8.500	11/02	102.4650	-0.200	8.12	8.06	8.25
GERMANY		8.000	07/02	105.4400	+0.260	7.19	7.23	7.40
ITALY		12.000	05/02	92.7900	-0.335	13.81†	13.52	13.78
JAPAN	No 119	4.800	06/99	101.8578	+0.153	4.43	4.51	4.45
	No 145	5.500	03/02	106.4745	+0.206	4.51	4.53	4.60
NETHERLANDS		8.250	09/02	106.9900	+0.150	7.20	7.23	7.50
SPAIN		10.300	06/02	87.2500	-0.100	12.68	12.44	12.71
UK GILTS		10.000	11/96	109-04	+2/32	7.28	7.22	7.29
		9.750	08/02	109-10	-5/32	8.31	8.31	8.38
		9.000	10/08	102-27	-17/32	8.66	8.60	8.74
US TREASURY *		6.375	08/02	98-16	-6/32	6.58	6.73	6.90
		7.625	11/22	103-14	-5/32	7.34	7.40	7.54
ECU (French Govt)		8.500	03/02	99.7350	+0.310	8.54	8.63	8.83

London closing *New York morning session. Yields: Local market standard
† Gross annual yield (including withholding tax at 12.5 per cent payable by non-residents.)
Prices: US, UK in 32nds, others in decimal. *Technical Data/ATLAS Price Sources*

MARKET STATISTICS

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:05 pm on January 5

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ABN 9 1/8 94	200	106¼	106¾		4.94
ALBERTA PROVINCE 9 3/8 95	600	109¼	109¾	+⅛	5.66
AUSTRIA 8 1/2 00	400	108⅝	109⅛	+⅛	6.91
[illegible]					

OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ARBED 7 1/2 95 LFr	600	96¾	97¾		8.96
ECSC 7 3/4 94 LFr	1000	99⅛	100¼		8.16
WORLD BANK 8 96 LFr	1000	100¼	102¼		7.71
[illegible]					

Remaining sections of this table (DEUTSCHE MARK STRAIGHTS, FLOATING RATE NOTES, SWISS FRANC STRAIGHTS, CONVERTIBLE BONDS, YEN STRAIGHTS): [illegible]

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day. FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate (three-month above mean rate) for US dollars. C.cpn=The current coupon. CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	27	39	14
Other Fixed Interest	0	6	9
Commercial, Industrial	513	211	700
Financial & Property	215	110	472
Oil & Gas	16	15	54
Plantations	2	1	6
Mines	9	59	72
Others	30	57	36
Totals	812	498	1,363

LONDON RECENT ISSUES

EQUITIES

Issue Price	Am'nt Paid up	Latest Renunc. Date	1992/93 High	1992/93 Low	Stock	Closing Price	+ or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
§220	F.P.	-	249	243	Critchley Group	248	+3	L6.1	2.2	3.3	17.6
-	F.P.	-	103	103	For. & Col. PEP Inv Tst	103		F3.38	-	4.4	-
100	F.P.	-	102	101	Hoare Govett Smlr Co's	101		-	-	-	-
90	F.P.	-	111	101	Hunters Armley	111	+5	W3.38	2.2	4.1	14.8
51	F.P.	-	62	52	Intl. Food Machinery	61	-1	-	-	-	-
-	F.P.	-	40	38	Jos Hldgs Cap	40		-	-	-	-
-	F.P.	-	94	92	Do. Inc.	94		F11.5	-	16.3	-
-	F.P.	-	110½	110	Do. Zero Div. Pf.	110½	+½	-	-	-	-
165	F.P.	-	185	181	National Express	185	+1	W7.12	1.5	5.1	12.2
50	F.P.	-	53	52	OIS Intl.	52	-1	N1.9	2.8	4.9	9.6
-	F.P.	-	1½	1½	‡Prime People Warrants	1½		-	-	-	-
-	F.P.	-	97	95	Second Consolidated	95	-1	-	-	-	-
65	F.P.	-	184	166	Tadpole Technology	172	-7	-	-	-	-
120	F.P.	-	195	192	‡Tepnel Diagnostics	195	+3	-	-	-	-
160	F.P.	-	[illegible]	[illegible]	Wetherspoon (J.D.)	[illegible]	[illegible]	W4.6	2.6	2.8	18.3

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1992/93 High	1992/93 Low	Stock	Closing Price £	+ or -
[illegible]							
100p	F.P.	-	116¼p	104¼p	Bristol Water 8¼pc Pf.	116¼p	
100p	F.P.	-	107½p	100½p	Commercial Union 8¾pc Cnv. Pf.	107½p	+1
100	F.P.	-	114½	104¼	NFC 7¼pc Cv Bd. 2007	113	+½
150p	P.P	-	129p	98p	Wassall Non-Int Brg. Cv. ULS	102½p	-23½
-	F.P	-	179p	177½p	Yeoman Inv Zero Prf.	179p	+1½

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1992/93 High	1992/93 Low	Stock	Closing Price p	+ or -
35	Nil	18/1	3pm	3pm	‡Hillclare	3pm	
100	Nil	1/2	29pm	27pm	‡Learmonth & Burchett	27pm	-1
85	Nil	5/2	¼pm	¼pm	Lonrho	¼pm	
5	Nil	-	1½pm	¼pm	Melville	¼pm	
25	P.P.	1/3	16	14	Property Trust	15	
2	Nil	11/2	2¼pm	¼pm	‡Regal Hotel	1¼pm	
240	Nil	27/1	68pm	66pm	Seton Healthcare	67pm	

a Annualised dividend. b Figures based on prospectus estimates. g Assumed dividend and yield. u Earnings based on preliminary figures. s Forecast or estimated annualised dividend rate, cover based on previous year's earnings. z Ex-dividend. F Dividend and yield based on prospectus or other official estimates for 1992-93. H Dividend and yield based on prospectus or other official estimates for 1993. L Estimated annualised dividend, cover and p/e based on latest annual earnings. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Issued by way of rights. † Introduction. § Placing price. ¶ Reintroduction. ‡ Unlisted securities market. ♦ Issued in connection with reorganisation, merger or takeover. pm Price at a premium.

TRADITIONAL OPTIONS

● First Dealings Dec. 21
● Last Dealings Jan. 8
● Last Declarations March 25
● For settlement April 5

3-month call rate indications are shown in Saturday editions.

Calls in Berisford Intl., Bristol Eve. Post, Kwik-Fit, Hazlewood Foods, Intl. Food, Premier Cons., Queens Moat Hses., Ratners, Rhino and Transfer Tech. Puts in Sedgwick and Tarmac. Doubles in Berisford Intl., Costain, Premier Cons. and Queens Moat Hses.

FT-SE ACTUARIES INDICES

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LIFFE EQUITY OPTIONS

Option		Calls Jan	Calls Apr	Calls Jul	Puts Jan	Puts Apr	Puts Jul
Alld Lyons (*627)	600	39	62	77	4	16	26
	650	10	32	45	20	34	50
[illegible]							
Trafalgar (*85)	80	7½	11½	16	3	6	9
	90	3	7	10	8½	12	14
Utd. Biscuits (*362)	360	12	22	28	8	23	28
	390	3	10	16	30	43	48
Unilever (*1087)	1050	56	77	92	5	24	36
	1100	21	43	62	23	55	99

Option		Calls Feb	Calls May	Calls Aug	Puts Feb	Puts May	Puts Aug
Brit. Aero (*178)	160	32	37	42	10	21	24
	180	19	29	37	19	32	35

Option		Calls Feb	Calls May	Calls Aug	Puts Feb	Puts May	Puts Aug
BAA (*788)	750	55	73	83	11	21	32
	800	24	44	56	32	42	54
[illegible]							
(*385)	390	27	32	40	34	40	47
Blue Circle (*206)	200	25	34	46	14	26	31
	220	16	27	36	27	37	42
British Gas (*293)	280	24	26	32	6	12	15
	300	12	15½	21	14	22	25
Dixons (*271)	260	28	36	40	14	19	25
	280	16	25	30	24	30	36
Eurotunnel (*335)	330	35	50	60	23	32	38
	360	21	33	47	40	50	55

Option		Calls Mar	Calls Jun	Calls Sep	Puts Mar	Puts Jun	Puts Sep
Glaxo (*764)	750	52	77	97	36	50	59
	800	30	55	73	64	77	85
[illegible]							

FT-SE INDEX (*2831): [illegible]

PUTS								
Jan	2½	5	9	19	43	7[illegible]		
Feb	20	27	40	57	80	10[illegible]		
Mar	31	41	55	72	95	12[illegible]		
Apr	39	50	64	84	105	130	163	200
Jun †	68	-	103	-	150	-	210	-

January 5 Total Contracts 33 294
Calls 22,645 Puts 10,649
FT-SE Index Calls 5,645 Puts 3,694
Euro FT-SE Calls 2,332 Puts 2,129
*Underlying security price. † Long dated expiry mths
Premiums shown are based on closing offer prices.

FT-ACTUARIES FIXED INTEREST INDICES

PRICE INDICES

		Tue Jan 5	Day's change %	Mon Jan 4	Accrued Interest	xd adj. 1992 to date
	British Government					
1	Up to 5 years (24)	127.70	+0.07	127.61	1.99	0.00
2	5-15 years (23)	145.85	-0.15	146.06	2.42	0.00
3	Over 15 years (8)	151.90	-0.49	152.65	1.97	0.00
4	Irredeemables (6)	171.46	-0.09	171.61	1.43	0.00
5	All stocks (61)	141.98	-0.12	142.15	2.23	0.00
	Index-Linked					
6	Up to 5 years (2)	183.76	-0.03	183.81	1.02	0.00
7	Over 5 years (11)	165.97	+0.15	165.73	0.84	0.00
8	All stocks (13)	167.17	+0.12	166.96	0.86	0.00
9	Debs & Loans (62)	123.59	-1.30	125.33	2.61	0.12

	AVERAGE GROSS REDEMPTION YIELDS		Tue Jan 5	Mon Jan 4	Year ago (approx.)
	British Government				
1	Low	5 years	7.20	7.19	8.86
2	Coupons	15 years	8.26	8.21	9.29
3	(0%-7¾%)	20 years	8.50	8.46	9.29
4	Medium	5 years	7.50	7.50	9.72
5	Coupons	15 years	8.66	8.61	9.36
6	(8%-10¾%)	20 years	8.85	8.79	9.32
7	High	5 years	7.73	7.73	9.93
8	Coupons	15 years	8.92	8.88	9.42
9	(11%-)	20 years	9.00	8.97	9.35
10	Irredeemables(Flat Yield)		8.85	8.84	9.53
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs.	2.59	2.57	4.03
12	Inflation rate 5%	Over 5 yrs.	3.83	3.83	4.35
13	Inflation rate 10%	Up to 5 yrs.	1.79	1.77	3.40
14	Inflation rate 10%	Over 5 yrs.	3.64	3.65	4.17
15	Debs &	5 years	8.88	8.97	11.08
16	Loans	15 years	9.85	9.91	10.90
17		25 years	10.05	10.08	10.73

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COMPANY NEWS: UK

Norwich Union announces cuts in bonuses

By John Authers

NORWICH UNION, the mutual insurance group, yesterday announced cuts of 7.2 per cent in its pay-outs on short-term with-profits policies.

This is the second year in succession that NU, traditionally seen as offering a lead to the life insurance industry, has made significant cuts in bonuses.

On the standard industry assumption that policies are started by a 29-year-old man paying £30 per month, pay-outs on 10 year endowments fell from £7,532 to £6,992, a fall of 7.2 per cent. In 1991, this figure would have been £8,241.

NU said that business in 10 year policies was heavy during 1983, and it expects to pay some £100m in maturities for these policies this year, about double the figure for last year. Total maturities are expected to be £150m.

Falls in 25-year endowment pay-outs, most often used as a mortgage repayment vehicle, fell by 3.1 per cent from £60,073 to £58,237. The 10 year self-employed pension plans saw a fall of 7.2 per cent in pay-outs.

Mr Philip Scott, NU's investment manager, said the bonus cuts reflected the company's belief that investment returns and inflation will be lower during the 1990s than they were in the 1980s, and describes the pay-outs achieved between 1988 and 1992 as "excessive".

He also pointed out that current endowment yields, of 13 per cent for 10 year policies and 12.9 per cent for 25 year policies, were ahead of inflation.

NU predicts that its with-profits fund will average an annual real return of 7 per cent, and a nominal return of 11 per cent during the 1990s. This compares with figures for 1980-89 of 14 per cent and 21 per cent.

Mr Scott added that the life fund's switch from equities and property into fixed interest securities, which saw its weighting in bonds rise from zero in 1989 to 20 per cent by the end of 1992, had already delivered an investment profit of £100,000.

● Three other mutual life offices announced cuts in bonuses.

Using standard assumptions, Friends' Provident cut pay-outs on 25 year policies by 1.5 per cent, from £62,438 to £61,496 and 10 year pay-outs by 7.67 per cent, from £7,457 to £6,885.

Scottish Life's pay-outs dropped 10.25 per cent from £6,926 to £6,216 for 10 year policies and by 4.9 per cent from £65,496 to £62,282 for 25 year policies.

Clerical Medical cut bonuses, but for technical reasons this led to a slight rise in pay-outs for 25 year policies, from £61,283 to £61,419. Its 10 year pay-outs followed the trend.

Seeking haven with Laporte in the storm

Paul Abrahams and Roland Rudd explain the background to the intervention in the fight for Evode

LAPORTE'S intervention yesterday into Wassall's bid for Evode, might appear to have occurred at five minutes to midnight. But Mr Ken Minton, Laporte's chief executive, explained his move followed seven years of negotiations with Evode.

"I first approached Andrew Simon [Evode's chairman], in 1986 but the businesses didn't fit. Since then, Evode has shed much of its basic plastics operations and moved into higher-value speciality products," said Mr Minton.

Laporte made a second approach in January 1992, when the harsh trading environment resulted in halved pre-tax profits of £7.3m at Evode for the year to September 28 1991, against £15.2m. Mr Minton described the results as far from outstanding.

"The results made them vulnerable. With margins of 2 per cent on sales of £280m, something wasn't right. We talked between January and May, but there was a large gap between what we were willing to pay and Evode's aspirations," he said.

"Nothing came of the approach, but we explained that if they ever got into trouble they knew where their friends were. After the Wassall bid was announced, Andrew Simon's first call after talking to his bankers was to me," he explained.

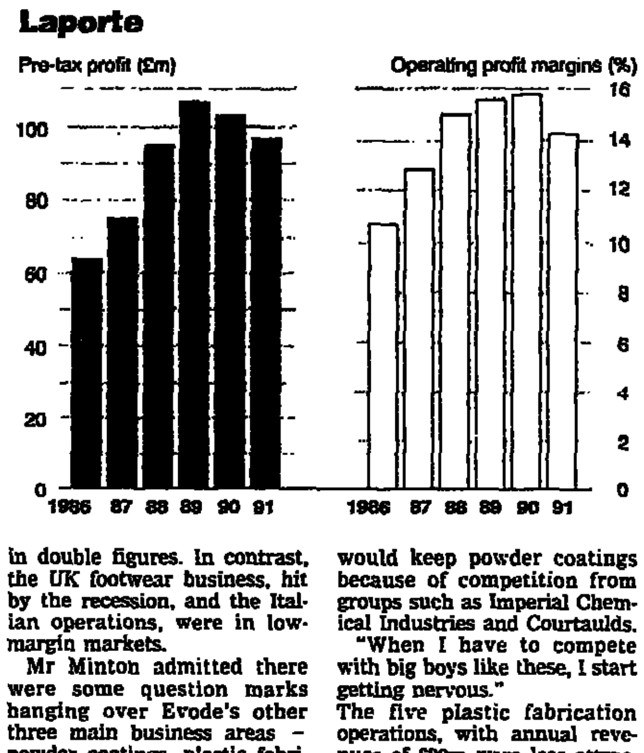
One of the attractions for Evode of Laporte is its strong management team, which has transformed the business from a low-margin bulk operation into a successful speciality chemicals company. The group, managed by Mr Minton since 1980, is concentrated on five core business areas, organic chemicals, absorbents, metals and electronic chemicals, construction chemicals, and hygiene and process chemicals.

Mr Minton believed there were clear synergies between Evode and Laporte. Two of Evode's five business areas – adhesives and polymer compounds – fit classicly into Laporte's businesses, he said.

Evode's adhesives operations generate sales of about £85m a year and mainly supply the construction and automotive sectors. Laporte sells different types of adhesives to the construction industry through alternative distribution channels.

Most of Evode's polymer activities would also fit, even though Laporte has no direct experience in this area, said Mr Minton. He explained the businesses, with a combined turnover of about £85m, were all involved in formulating chemicals, one of Laporte's strengths.

The three polymer operations in the US – supplying high-quality plastics for the medical, food and electronics industries – all had margins



in double figures. In contrast, the UK footwear business, hit by the recession, and the Italian operations, were in low-margin markets.

Mr Minton admitted there were some question marks hanging over Evode's other three main business areas – powder coatings, plastic fabrication and a miscellaneous bundle of companies.

Powder coatings, generating annual sales of about £20m, was not an area in which Laporte operated. Although the sector had the advantage of not being capital intensive, Mr Minton said he was unsure whether Laporte would keep powder coatings because of competition from groups such as Imperial Chemical Industries and Courtaulds.

"When I have to compete with big boys like these, I start getting nervous."

The five plastic fabrication operations, with annual revenues of £20m were less attractive to Mr Minton. Three businesses – in the US, Italy and the UK – had good margins. Two others required turning around.

The fifth business area involving a miscellaneous grouping, mainly of vinyl coatings for the wallpaper market had sales of about £40m. It does not appear to fit into

Ken Minton: moving after seven years of talks

Laporte's business.

Mr Christopher Miller, Wassall's chief executive, said he was surprised to hear of Laporte's plans for a radical rationalisation of Evode. In contrast with Laporte he said he was commited to the powder coatings business and was not advocating Evode's break-up.

He added: "We believe we are far more closely related to Evode than Laporte. We have extensive knowledge of the adhesives and sealants and DIY businesses from our acquisition of DAP [a US supplier of construction products and filling compounds]."

Evode's margins are about 5 per cent in the UK, similar to those Wassall inherited at DAP and Metal Closures, the bottle top group. It managed to almost double them at both businesses.

Mr Minton also proposed to improve Evode's margins, in the same way he improved those of Laporte from about 10 per cent during the mid-1980s to nearly 15 per cent.

The improvement at Evode could be achieved through better pricing policies, extending product ranges, reducing raw material costs, improved manufacturing, cutting overheads and better marketing, he said. There would be significant job losses.

Mr Minton denied the cost of rationalisation would affect earnings. The group had plenty of experience of cost-cutting and there would be few environmental costs.

Mr Minton's aim is to ensure the merger with Evode would enhance earnings per share in the first year. That will partly depend on how much Laporte pays for Evode. Payment is likely to be made through a mixture of cash and shares.

Analysts believed Laporte would need to pay about £70m for the ordinary shares and at least £72m for the convertible and cumulative preference shares. It would also take responsibility for about £28m worth of net debt.

US cable group poised to improve offer for TVS

By Raymond Snoddy

A MODEST improvement to the offer for TVS Entertainment, the former ITV company for the south of England, is expected within the next week.

International Family Entertainment, the US cable television company founded by Mr Pat Robertson, the American evangelist, has extended its offer to January 12.

By Monday IFE had received acceptances from 78.4 per cent of ordinary shareholders and 40.6 per cent of preference shareholders.

However, it needs 75 per cent of the preference shares before it can compulsorily buy the rest. Some of the preference shareholders have been unhappy with the terms offered.

Mr Julian Treger of Restructuring Advisers, who represents a number of preference shareholders, said yesterday: "Unless we get a significantly improved offer in cash we are not inclined to accept."

ML Laboratories wins licence for dialysis drug

By Matthew Curtin

SHARES IN ML Laboratories, the USM-quoted medical research and development company, yesterday jumped 55p to a high of £11.60 after the group accompanied its annual results with an announcement that it had won a UK marketing licence for Dextrin 20, its patented kidney dialysis drug.

The shares have risen 27 per cent since mid-December, lifting the group's market value to £318m.

Sales of Dextrin are likely to transform ML's financial position – it has failed to make a profit since the 1987 listing – if the drug is accepted by the medical profession and production meets demand.

Pre-tax losses increased from £496,000 to £887,000 in the year to September 30. Turnover rose sharply to £604,000 (£288,000) but higher cost of sales and administrative expenses increased operating losses to £1.19m (£979,000). Losses per share were 3.5p (0.2p).

Dextrin has been billed as a cheaper, safer and easier alternative to the existing "mobile" dialysis treatment for people suffering from kidney failure.

ML estimates 465,000 people are on dialysis worldwide, a figure increasing 9 per cent a year, of whom 65,000 are treated by mobile dialysis.

Directors said ML was applying for licences worldwide and should be able to sell Dextrin throughout Europe by mid-1994, followed by the US in 1995, and Japan shortly thereafter.

ML was expanding its manufacturing capacity to meet 20 per cent of UK demand from its upgraded pilot plant, with construction of new facilities to supply half of the European market set to start in March.

The group, which is also researching Aids treatments and drug delivery systems for asthma and cancer treatments, also proposes a 4-for-1 scrip issue to improve the marketability of its shares.

Speyhawk agrees debt restructure

By Vanessa Houlder, Property Correspondent

SPEYHAWK, the technically insolvent property developer, has reached agreement in principle with its 46 banks on the restructuring of more than £300m of debt.

However, the complexity of the deal and the large number of banks involved means that the agreement is unlikely to be signed for a couple of months.

The restructuring talks, which began 18 months ago, reached a conclusion on Christmas Eve. The talks involved seven syndicates, with Barclays acting as principal banker.

The deal will involve the subordination of some of Speyhawk's debt and the release of guarantees.

Speyhawk announced that it had reached agreement in principle with its lead banks to restructure its debts at the end of last March, when it announced a loss for the year of £217m. The large number of banks involved meant that restructuring talks dragged on through the year, although the structure of the package is largely unchanged.

Control Securities 'encouraged' by debt talks

By Maggie Urry

CONTROL Securities, the property, hotels, brewing and pubs group involved in refinancing discussions with its bankers, said yesterday it was encouraged by the progress of the talks.

It hoped to be able to put proposals to shareholders and bondholders in the next few weeks. Meanwhile, the group continues to trade with the support of its banks.

In a circular to holders of its bonds Mr Sydney Robin, chairman, said that the group had produced a business plan involving an orderly disposal programme which it had presented to its banks.

However, finalisation of restructuring plans were unlikely to be ready by the annual meeting to be held on January 28.

Bondholders agreed last October that interest on the bonds should be deferred and the bonds would not be declared in default until January 18. Now they are being asked to approve resolutions at another meeting on January 18 to agree further deferrals until March 1.

The group announced last October that asset write downs had contributed to net losses for the year to end-March of £192.4m. The shares have been suspended since October 1991.

Belgians acquire Ravenhead

By Peter Pearse

THE RAVENHEAD Company, the glass tableware concern based in St Helens, Lancashire, has been acquired for an undisclosed cash sum by Durobor UK, a wholly owned subsidiary of the Belgium-based Durobor Group.

Mr Jon Peacock of Price Waterhouse Corporate Finance, which acted for Ravenhead, said that a small proportion of the consideration was deferred. He said that the two companies had both traded in the same markets for a long time; as a result, links had already been forged between them.

Ravenhead, which employs 390 people, was the subject of a £27m management buy-in in 1990.

Mr Peacock said he was not at liberty to reveal Ravenhead's profits for the year to June 1992, though he did say that turnover was £18m. The results were being signed yesterday, and would be filed shortly, he added. When asked whether Ravenhead was being rescued, he said: "Ravenhead will benefit from the acquisition."

Ravenhead is market leader in the supply of glass tableware (mostly glasses and ashtrays) to the licensed victualling trade, where it has an estimated 50 per cent share.

Mr Peacock said that there was synergy in the deal, in that Durobor, which exports 80 per cent of its production worldwide, is strong in stemware, whereas Ravenhead is strong on tumblers and non-stemware.

Powell Duffryn £3.5m combustion expansion

POWELL Duffryn, the industrial group with interests in distribution and specialist engineering, has expanded its combustion activities via the purchase of Airoil-Flaregas from Portals for £3.5m cash.

Airoil-Flaregas supplies combustion equipment to the refining, petrochemical, marine and utility industries and has a strong European presence.

The acquisition will further enhance the combustion division of Hamworthy Engineering, Powell Duffryn's largest subsidiary.

The division, which has an annual turnover in excess of £50m, started its expansion last year with the purchases of Dresser Homes in the UK and Peabody Engineering in the US.

Over the past 18 months Powell Duffryn has disposed of its quarrying, shipping fleet and foundry interests. The disposals realised over £50m.

Powell Duffryn's shares closed 18p higher yesterday at 484p. One analyst said the rise was attributable to heavier than usual buying in a tightly-held stock.

Disappointing start to Bibby's first quarter

Mr Richard Mansell-Jones, chairman of J Bibby, said that the first quarter of the present year was disappointing but the group as a whole was trading profitably.

Most divisions had experienced more difficult trading than in the comparable period, particularly in the UK and Spain.

The capital equipment division was trading at a loss as the benefit of the actions taken had yet to flow through.

The materials handling division had shown better results helped by a strong performance from North America.

In the year to September 30 pre-tax profits fell 9 per cent to £32.2m on turnover up 14 per cent at £625.2m.

Tobacco family takes the wheel at Thwaites

By Andrew Baxter

UNCERTAINTY over the future of Thwaites, the dumper truck maker, has been resolved in a deal that switches control from executors of the founder, the late Mr Basil Thwaites, to the Wills tobacco family.

The deal, for which terms were not disclosed, follows an announcement a year ago by Thwaites that it was exploring a possible sale of the company.

Along with all UK construction equipment companies, the company has been hit by a sharp fall in demand and takeover by a Far Eastern-based group looking for a European manufacturing base initially seemed the most likely outcome.

However, as conditions worsened throughout last year the sums offered failed to meet with shareholders' expectations. In June, a proposed purchase by BM Group was withdrawn after it was referred to the Monopolies and Mergers Commission.

The transaction announced this week will transfer full ownership of Thwaites to Lord Dulverton of the Wills family and his brother Mr Ian Wills. The family has been a substantial minority shareholder for more than 20 years.

Mr John Webb continues as managing director. Lord Dulverton becomes deputy chairman, and Mr John Given has been appointed non-executive chairman.

Although the deal is very different from what many observers had originally predicted, it is a significant boost for Thwaites. In the three years since Mr Thwaites died, the company has been in limbo, said Mr Webb, and the transaction would restore a "clarity of direction."

However, the priority for Thwaites remains to clinch a joint manufacturing deal with a foreign company, enabling the company to broaden its product range and provide more work for its under-utilised plant.

Thwaites incurred a deficit in the year to last August, on sales of about £10m. Sales in the current year should be slightly higher, said Mr Webb.

"We think the UK market will recover, but France and Germany are extremely iffy."

NEWS DIGEST

Lex joint venture expands

HARVEY PLANT, the fork lift truck hire joint venture between Lex Service and Lombard North Central, has acquired Clarion, which services and hires fork lift trucks, for a total of £3m cash.

The consideration will be met from the joint venturers cash resources.

The purchase increases Harvey's fleet to more than 6,500 units with 12,000 on servicing arrangements.

● Phillips & Drew Fund Management has acquired a further 460,000 shares in Lex Service taking its holding to 14.4m shares or 15.4 per cent.

Stonehill shares suspended

Shares in Stonehill Holdings, the furniture maker and property investment group, were temporarily suspended at 11p yesterday.

The company said it was in discussions which could lead to a material transaction.

Stonehill has incurred pre-tax losses for the past three years. In the year to March 31 1992 the deficit was cut from £1.13m to £387,000 on turnover of £2.37m (£1.6m).

Hawtin's £600,000 sale to US company

Hawtin has completed the sale of the business and certain assets and liabilities of Life Fitness Systems to Life Fitness (UK), an offshoot of Life Fitness, the manufacturer of computerised fitness equipment, based in Chicago.

Proceeds amounted to £600,000 cash paid on completion. An adjustment payment will be made based on the value of the assets and liabilities taken over. In addition, further cash sums totalling £75,000 will be paid.

Assets excluded from the sale include trade debtors which are expected to realise approximately £600,000.

REA disposes of tea estates operator

REA Holdings, the plantations holding company, has sold Surmah Valley Tea for about £1.6m cash, against a book value of £2.2m.

Surmah operates three tea estates in Bangladesh and incurred a pre-tax loss of £100,000 in 1991 when REA reported profits of £883,000.

Cap and Regional in new partnership

Capital and Regional Properties and PDFM Property Partnerships have formed a new venture, Easter Industrial Partnership, to acquire a property portfolio for £10.6m.

The portfolio of seven industrial estates comprising 310,000 sq ft is being sold by Rugby Securities. There will be an additional payment, not exceeding £250,000, based on the completion of rent reviews at one of the estates.

USM-quoted Capital and Regional has issued 861,950 shares to PDFM Property Partnership at 93¼p, representing a 5 per cent increase in its share capital.

Siam Selective net asset value up 33%

Siam Selective Growth Trust had a net asset value of 119.2p per share at September 30 – up 33 per cent on the 89.6p of 12 months earlier.

The trust reported net profits of £21,975 (£19,256) for the six months to end-September. Earnings per share improved from 0.13p to 0.15p.

Presenting a truer and fairer view

Andrew Jack looks at the implications of a new ruling from the Accounting Standards Board

RULES MAY be made to be broken, but companies bending the letter of the law to comply with its spirit in presenting their accounts should from now on be prepared to stand up and take the consequences.

That is the implication of the seventh abstract from the urgent issues task force of the Accounting Standards Board issued last month, which became mandatory for year-ends from December 23 1992.

It says that businesses using the "true and fair" override in the 1985 Companies Act, which exempts them from the law's required format, must state this fact clearly and unambiguously in the accounting policies note which immediately follows the primary financial statements.

The note must state the treatment normally required by the act, a description of the treatment actually adopted, an explanation of why the normal treatment would not provide a true and fair view, and either a quantification of the effects of the departure, or an explanation of why it cannot be quantified.

The ruling is unusual because it appears to add little to the wording in the act itself, which states that: "particulars of any such departure, the reasons for it and its effect shall be given in a note to the accounts."

But it reflects a frustration that standards-setters and those monitoring accounts to ensure compliance have been unable to assess the extent to which the clause is being used honestly.

It will make the job of those reviewing accounts much easier. "The statement of this requirement in practice has

There has been a tendency for some companies to understate rather than emphasise the significance of what they have done

varied and there has been a tendency for some companies to understate rather than emphasise the significance of what they have done," the task force statement explains.

As Mr Dick Wilkins of the Accounting Standards Board warns: "The intention was for use of the true and fair override to be fairly limited."

A number of companies have been using phrases in the notes to their accounts justifying a particular treatment as providing a "truer and fairer" view, or a similar phrase. Whether they are invoking the override has sometimes been unclear.

"We felt the use of the override was too low-key and blurred in the past," says Mr Wilkins. "Users might find it difficult to judge when it was being applied. We wanted to make it much clearer and bring general practice up to the standards of the better companies."

There have been a wide variety cases in which the override has been used, including:

● Non-depreciation of investment properties, as specified in SSAP 19.

● Offsetting government grants from non-depreciating fixed assets – notably infrastructure of the water companies.

● Placing convertible capital bonds in the balance sheet in reserves rather than under long-term creditors.

● Deducting goodwill from gross shareholders' funds to provide a net figure, rather than showing it separately.

● Non-consolidation of investments by investment trusts and venture capital companies.

● Non-consolidation of subsidiaries held for disposal.

● Commodity brokers showing investments at market value, and passing any increases in value through the profit and loss account.

Company Reporting, the Edinburgh-based monthly monitoring service of annual accounts, has highlighted a growing tendency in recent months for companies to use the true and fair override. Its December issue identifies several examples. These include BM Group, which provides segmental information of profit including interest but excluding exceptional items.

A note says this is contrary to SSAP 25, the standard on segmental reporting which requires interest to be excluded, but that the directors consider "interest is an integral part of the costs of the business and thus to exclude interest would give a misleading view".

The task force abstract is unusual because it was not placed on the agenda – as most of the previous issues under discussion were – by its own members who had identified the problem among company accounts.

It represents instead a recommendation from the Professional Standards Committee of the Institute of Chartered Accountants in England and Wales. The committee's role to maintain the professional standards of members had been clouded by the creation of the new accounting bodies and their own enforcement mechanisms. It is now beginning to find its feet and make recommendations to the task force on problems which it has identified in financial reporting.

Since the task force's new abstract is about disclosure as much as treatment, its effectiveness will be hard to judge

Since the task force's new abstract is about disclosure as much as treatment, its effectiveness will be hard to judge. Companies choosing to ignore it will remain difficult to spot. But those faithfully highlighting, but wrongly applying the override can expect to hear from the Financial Reporting Review Panel before too long.

Oil prices fall further as Opec oversupply goes on

By David Lascelles, Resources Editor

A FURTHER fall in European oil prices yesterday underlined the tenuousness of the Organisation of Petroleum Exporting Countries' hold on the market.

Brent crude for February delivery dropped 22.5 cents to $17.75 a barrel. *This followed a* fall of similar proportions the day before.

In the US, where prices fell sharply on Monday, they were steadier yesterday. In late trading the New York Mercantile Exchange's light crude contract for March delivery was quoted at $19.18 a barrel, up 2 cents from Monday's closing level.

Analysts said that the continuing high level of Opec production was undermining market sentiment. Members of the producer cartel are between them producing at 600,000-800,000 barrels a day above the *24.58m b/d ceiling they agreed* at their latest meeting in Vienna in November.

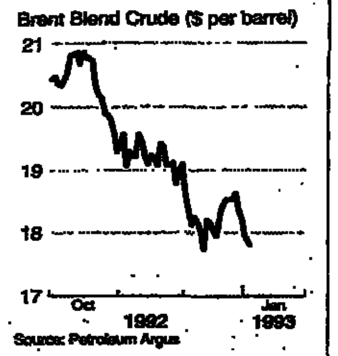
In particular, Saudi Arabia is determined to hold on to its market share, in spite of the pressures created by Kuwait's rapid return to full production. The Saudis are reported to have cut prices for February delivery earlier this week, adding further downward pressure to the market.

Against this background, the unseasonally warm weather prevailing on the US east coast has cut fuel demand. A sharp fall in heating oil prices on Monday was the major factor *behind the weakness of the US* market. Earlier forecasts of an exceptionally cold winter had encouraged dealers to lay in large stocks.

Although the prospects are strengthening for an economic recovery, traders doubt that these will provide a fillip to *prices because of the high level* of stocks.

"The market needs colder weather, production cutbacks and cuts in crude runs," said Mr Andrew LeBow, an analyst at E.D. & F. Man in New York. "But it will only get cuts in crude runs."

Oil Price



Source: Petroleum Argus

Canadian tar sands come of age

Synthetic crude has been made competitive by years of gradual improvement of extraction technology, writes **Stephen Wisenthal**

CANADA'S VAST Athabasca tar sands – where extraction plants last year produced their billionth barrel of crude oil – have come of age, and promise to be an even more important source of energy in the future.

Years of gradual improvement in extraction technology mean that synthetic crude from the tar sands is now competitive with crude from more conventional sources, particularly when exploration costs are included.

"Like the North Sea, the relatively lean price regime we have had over the past eight years has been an incentive to cost reduction," says Mr Campbell Watkins, president of oil consultancy DataMetrics and an adjunct professor of economics at the University of Calgary.

"The tar sands are close to competitive with the North Sea, and the economics have improved and will continue to improve," he says.

When the giant Syncrude complex at Fort McMurray in Alberta was planned and built during the 1970s, it was widely regarded as a very costly white elephant. Now it is seen as a quiet success, reliably produc*ing synthetic crude oil* at a cost of just under C$15 (US$12) a barrel, while continuing to improve a technology that would justify expansion at oil prices not much above today's.

Both major tar sands plants passed milestones in September – Syncrude, which has been operating since 1978, pumped its 600 millionth barrel; its older and smaller sister Suncor, which started up in 1967 as Great Canadian Oil *Sands, reached a total of 400m* barrels. Between them, the two plants produce about 16 per cent of Canada's crude oil, and that proportion is expected to rise as conventional production falls off.

Syncrude estimates that a further 200bn barrels, more than the reserves of Saudi Arabia and its neighbours combined, are recoverable using present extraction techniques. Estimates of total reserves run as high as a trillion (million million) barrels.

This huge resource has inspired a large number of projects since the turn of the century, most of which have foundered in the face of financial or technical problems. The success of Syncrude and Suncor in bringing their efficiencies up and costs down has inspired backers to consider a number of potential projects in recent years, but oil prices have been a little too low.

Mr Watkins says: "It wouldn't take much more. If we had the prospect that prices would be maintained at US$25 *per barrel, there might be* room for a new plant". That prospect has receded recently, however, with Brent blend, the North Sea marker crude, slipping below $18 a barrel.

The new facility would be able to benefit from a steady series of improvements in the cost structure of the Alberta oil sands industry. In 1980, two years after Syncrude started production, it was producing synthetic crude at a cost of about C$25 a barrel in 1980 dollars. It now has reduced the production cost per barrel to less than C$15 in 1992 dollars, or about C$20 when capital and royalty costs are taken into account.

Mr Phil Lachambre, Syncrude's vice president of business and corporate affairs, says that the improvement has come about half through a gradual refinement of the processes and half through new technologies.

The raw tar sands are turned into oil by first mixing them with hot water; the bitumen floats to the top and is skimmed off. The bitumen is then converted into synthetic crude by a series of processes, including extracting sulphur and adding hydrogen.

Improvements over the years have ranged from better techniques for mining the raw mixture, to more effective processing of the separated bitumen, producing increased yields and much higher labour productivity.

The synthetic crude produced by the plants is very marketable – 8 degree gravity bitumen is turned into 32 degree gravity crude. This compares with the 40 degree gravity of the best light crude *produced in Southern Alberta.* But the tar sands product is particularly "sweet", or low in sulphur, says Mr Lachambre.

Production efficiencies at Syncrude are such that the plant, designed to produce 50m barrels a year, has been bumping up against its permitted ceiling of 63m. It has therefore applied to Alberta's Energy Resources Conservation Board to have this limit increased to 79m barrels. In addition, Syncrude has outstanding permission, granted in 1988, for a C$4.5bn (US$3.6bn) expansion that would add a further 30m barrels of oil a year to its capacity.

By way of comparison, another of Canada's energy "megaprojects", the development of the 650m-barrel Hibernia oil field in the Atlantic off Newfoundland, is set to produce 40m barrels a year starting in 1997 at an anticipated cost of C$5.2bn (US$4.16bn).

However, in spite of the existing Syncrude plant's average annual return on capital employed of 6 per cent over the past five years – twice the average for Canada's oil industry – expansion plans are on hold until oil prices recover.

In the meantime, Canada's oil industry keeps planning for *the day when oil prices rise* again. In 1991 OSLO, a group of leaseholders in the tar sands, including Imperial Oil, the Exxon subsidiary that owns 25 per cent of Syncrude, shelved separate plans for a new $4bn (US$3.2bn) plant.

But nobody doubts that extracting synthetic crude from tar sands is a viable business, and any decisive upwards move in the oil price could be met with a torrent of produc*tion from Canada's north after* a few years.

Canadian Tar Sands

	Cost* per barrel (C$)	Production (barrels)
1992e	15.00	87m
1991	16.48	82.4m
1990	17.41	76.4m
1989	17.17	75.4m
1988	14.82	73.6m
1987	14.77	65.7m
1986	14.98	67.8m
1985	17.74	60.3m
1984	26.17	49m
1983	18.68	54.4m
1982	23.67	37.8m
1981	24.42	34.6m

*Not adjusted for inflation. e = estimated. Sources: Syncrude (prices) and Alberta Energy Resources Conservation Board (production).

Milk Marketing Board to slash head office staff by 60 per cent

By David Blackwell in Oxford

THE MILK Marketing Board is cutting its 560-strong head office staff by 60 per cent as it prepares for the end of its 60-year-old statutory monopoly.

Some time next year, the board, which serves 30,000 dairy farmers in England and Wales, *will turn itself into a* voluntary co-operative to be known as Milk Marque.

Mr Andrew Dare, chief executive of the MMB, told the Oxford farming conference that Milk Marque would be starting out with zero market share. The decision to cut jobs had been taken reluctantly, he said, but "we mean business".

For dairy farmers the demise of the MMB would overshadow all other farming upheavals including reform of the European Community's common agricultural policy and the negotiations on the General Agreement on Tariffs and Trade.

But the reform was inevitable because of changes in both the political climate and in the milk market, Mr Dare suggested. He pointed out that doorstep milk sales were falling 8 per cent a year, while supermarket sales were rising by 20 per cent.

"The trend is very clear," he said.

Milk Marque would embrace the free market wholeheartedly – any farmer would be able to supply any buyer and any buyer could source milk from any farm.

Total annual turnover would be about £2.5bn a year, which might appear huge he said, but compared with £19bn for Nestlé and was roughly equivalent to *Unigate's*. Such a turnover was needed when four dairy companies were buying two-thirds of the milk in England and Wales, Mr Dare added.

It would give Milk Marque the necessary muscle to compete in "the premier league" of the EC, with its 350m customers.

● The pressure brought by the UK's largest retailers on farmers and growers has been very much *for the good*, Mr George Paul, chief executive of Harrisons and Crosfield, told the conference. "The quality of food, particularly fresh vegetables and fruit, available in supermarkets has improved out of all recognition over the last decade," he said.

Mr Paul contended that producing to the fullest quality standards "would be sufficient to ensure the livelihood of most producers, providing that *they* are wise in their choice of customer or intermediary".

Aluminium output reduced

By Kenneth Gooding, Mining Correspondent

ALUMINIUM producers outside the former eastern bloc countries reacted to the continuing heavy flow of the metal to the west from Russia by cutting output by more than 4 per cent *last* year compared with 1991, according to preliminary estimates by the UK-based World Bureau of Metal Statistics.

At the same time, however, western nickel producers, which have also been suffering severely from Russian exports, produced marginally more refined metal.

According to the WBMS, western world consumption of aluminium, copper, tin and zinc rose last year whereas lead consumption fell slightly and that of nickel dropped sharply, by nearly 7 per cent, from the 1991 level.

Nickel's fall followed one of more than 10 per cent in the previous year compared with 1990.

It was caused by a de-stocking and a drop in demand from the stainless steel industry which consumes more than 60? per cent of the metal.

All six of the most heavily traded metals showed a deficit in western world supply last year, the WBMS estimates. But net imports from the eastern bloc are likely to have filled the gaps.

In the first nine months of 1992 net exports of aluminium from the eastern bloc to the west rose from 507,000 to 540,000 tonnes, according to the latest WBMS quarterly summary.

Net imports of nickel are shown to have fallen steeply, from 81,000 to 21,000 tonnes.

However, this total does not include huge quantities of nickel which is circumventing Russia's export controls by being sent to the west disguised as scrap.

Net exports of copper from the former eastern bloc were marginally up after nine months of 1992 – despite substantial imports by China.

The WBMS suggests they rose rose from 233,000 to 242,000 tonnes.

Net imports of zinc, at 113,000 tonnes after nine months of 1992 compared with 73,000 tonnes, were above the 100,000 tonnes recorded for the whole of 1991.

Western World 1992 Supply/Demand Estimates ('000 tonnes)

ALUMINIUM			**NICKEL**		
Production*	14,470	−4.3%	Production	600	+1.1%
Consumption	15,400	+3%	Consumption	630	−6.9%
COPPER			**TIN**		
Production	8,790	+3.1%	Production	133	−13.1%
Consumption	9,070	+1.1%	Consumption	183	+1.1%
LEAD			**ZINC**		
Production	4,310	−2.2%	Production	5,320	−1.4%
Consumption	4,260	−1.7%	Consumption	5,470	+0.1%

*Primary. Percentage changes are from 1991. Source: WBMS.

MINOR METALS PRICES

Prices from Metal Bulletin (last week's in brackets).

ANTIMONY: European free market 99.6 per cent, $ per tonne, in warehouse, 1,670-1,710 (same).

BISMUTH: European free market, min. 99.99 per cent, $ per lb, tonne lots in warehouse, 2.20-2.40 (same).

CADMIUM: European free *market, min. 99.5 per cent, $* per lb, in warehouse, 0.45-0.55 (same).

COBALT: European free market, 99.5 per cent, $ per lb, in warehouse, 15.10-16.00 (15.50-16.00).

MERCURY: European free market, min. 99.99 per cent, $ per 76 lb flask, in warehouse, 120-140 (same).

MOLYBDENUM: European free market, drummed molybdic oxide, *$ per lb Mo*, in warehouse, 1.85-1.95 (same).

SELENIUM: European free market, min 99.5 per cent, $ per lb, in warehouse, 4.70-5.40 (4.80-5.50).

TUNGSTEN ORE: European free market, standard min. 65 per cent, $ per tonne unit (10 kg) WO_3, cif, 40-50 (same).

VANADIUM: European free market, min. 98 per cent, $ a lb V_2O_5, cif, 1.75-1.85 (same).

URANIUM: *Nuexco* exchange value, $ per lb, U_3O_8, 7.90.

Canadian diamond samples disappoint

By Bernard Simon in Toronto

SHARES OF companies involved in the diamond stampede in Canada's Northwest Territories tumbled yesterday after a group of major players announced that eight drilling targets have yielded only three tiny stones.

Aber Resources, Commonwealth Gold and SouthernEra Resources described the results from their joint venture properties in the Lac de Gras area as "encouraging." They noted that micro-diamonds have been found in three of seven kimberlite deposits and that 30 targets remain to be tested.

But SouthernEra's share price fell 70 cents on the Toronto stock exchange yesterday morning to C$4.10. Dia Met Minerals, whose discoveries triggered the Northwest Territories' diamond rush last year, lost C$1.50 on the Vancouver stock exchange to C$37.50.

Mr John Hainey, analyst at Canaccord Capital in Toronto, said the latest drilling results were "clearly disappointing" and bore no comparison to Dia Met's encouraging gem diamond discoveries. He noted however, that the results were unlikely to *quell the enthusiasm* of companies that had flocked to the remote Canadian Arctic in an exploration frenzy rivalling any in North American mining history.

Exploration work is continuing at a feverish pace with international mining groups such as De Beers and Teck Corporation continuing to stake new claims. De Beers has declined to disclose the results of its work. Mr Lee Barker, vice-president at SouthernEra, said he had been told that one of two targets drilled by the South African group drilled last autumn intersected a kimberlite pipe.

Mr Barker put a brave face on Aber and SouthernEra's latest results. He said yesterday that "we've proven that the cluster has the potential to host some diamonds. I'm as bullish about this as I was a year ago." The Aber group said *it planned to resume drilling in* late March or early April.

Mr Hainey said that surface samples obtained recently by two other companies, Pure Gold and Lytton Minerals, had also been encouraging.

LME WAREHOUSE STOCKS (As at Monday's close) tonnes

Aluminium	+51,975	to 1,578,625
Copper	−26,62	to 315,776
Lead	+14,650	to 227,200
Nickel	+3,468	to 71,382
Zinc	+30,075	to 487,600
Tin	−20	to 15,365

WORLD COMMODITIES PRICES

MARKET REPORT

COPPER prices touched three-month dollar highs yesterday, in response to further Chinese buying and the announcement of an unexpectedly-large fall in *London Metal Exchange* warehouse stocks. The three months price reached $2,372 a tonne before profit-taking trimmed it to $2,360, up $6 on the day. The pound's strength against the dollar meant that prices were down in sterling terms, however, the three months position sustaining a £22.50 fall to £1,555.25 a tonne. Other LME markets were depressed by big stocks rises. Three months **ALUMINIUM** fell $14.50 to $1,245.25 a tonne, while three months **ZINC** was $8.25 down at $1,077.50 a tonne. But **NICKEL**, again with the aid of *Chinese demand, defied a* substantial rise in stocks to close at $6,412.50 a tonne, up $175 on the day, taking the rise on the week to $389.50 a tonne. A wave of selling gave London **COFFEE** and **COCOA** prices a battering, the former ending nearly $40 down in the March futures position. Cocoa prices were up to £18 lower.

Compiled from Reuters

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)(Feb)		+ or -
Dubai	$15.65-5.70	-0.20
Brent Blend (dated)	$17.40-7.50	-.225
Brent Blend (Feb)	$17.70-7.80	-.225
W T.I (1 pm est)	$18.95-9.00	-.225
Oil products (NWE prompt delivery per tonne CIF		+ or -
Premium Gasoline	$187-188	-1
Gas Oil	$178-180	-1.5
Heavy Fuel Oil	$71-73	-1.5
Naphtha	$178-179	
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$329.15	
Silver (per troy oz)♣	367.5c	+2.0
Platinum (per troy oz)	$358.40	+2.90
Palladium (per troy oz)	$109.00	+2.75
Copper (US Producer)	109.5c	
Lead (US Producer)	33.5c	
Tin (Kuala Lumpur market)	15.14r	+0.49
Tin (New York)	279.5c	+4.0
Zinc (US Prime Western)	62.0c	
Cattle (live weight)†	115.88p	+2.06*
Sheep (live weight)†♣	86.88p	+2.73*
Pigs (live weight)†	83.16p	-1.50*
London daily sugar (raw)	$206.5w	-1.5
London daily sugar (white)	$248.0w	-1.0
Tate and Lyle export price	£247.0	-1.0
Barley (English feed)	Unq	
Maize (US No. 3 yellow)	£161.0	-1.5
Wheat (US Dark Northern)	Unq	
Rubber (Feb)♥	84.25p	-0.25
Rubber (Mar)♥	84.75p	-0.25
Rubber (KL RSS No 1 Jan)	330.5m	-2.5
Coconut oil (Philippines)§	$455.0y	
Palm Oil (Malaysian)§	$410.0z	
Copra (Philippines)§	$306	+10
Soyabeans (US)	£173.5	-2.0
Cotton "A" Index	54.75c	-0.10
Wooltops (64s Super)	399p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. y-Feb/Mar. u-Feb. z-Aug. w-Dec/Jan. z-Jan/Mar. ♥London physical. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg. ♣Sheep prices are now live weight prices. * change from a week ago, provisional prices.

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low	
Mar	183.20	186.00	183.60	183.00
May	189.00		189.00	
White	**Close**	**Previous**	**High/Low**	
Mar	246.00	248.00	248.00	245.00
May	247.20	250.20	249.50	246.50
Aug	252.70	255.70	253.00	252.00
Oct	240.30	243.30	242.00	240.00
Dec	244.30		245.00	
May	250.10		250.00	249.00

Turnover: Raw 8 (13) lots of 50 tonnes. White 818 (892) Paris- White (FFr per tonne): Mar 1384.36 May 1414.86

CRUDE OIL – IPE $/barrel

	Latest	Previous	High/Low	
Feb	17.80	17.79	17.91	17.70
Mar	17.92	17.89	18.01	17.82
Apr	18.03	17.99	18.07	17.90
May	17.95	18.03	18.09	17.95
Jun	18.08	18.07	18.12	18.03
Jul	18.12		18.12	
IPE Index	18.00	18.22		

Turnover 25938 (34629)

GAS OIL – IPE $/tonne

	Close	Previous	High/Low	
Jan	171.50	173.25	171.75	171.00
Feb	172.25	173.75	172.50	171.25
Mar	171.50	172.25	171.50	170.00
Apr	168.25	169.00	168.75	167.00
May	167.00	167.75	167.00	165.00
Jun	166.75	167.00	166.75	166.25
Jul	169.00	169.00	168.75	168.50
Aug	171.00	171.50	171.00	170.75

Turnover 15306 (22333) lots of 100 tonnes

COTTON

Liverpool- No spot or shipment sales were recorded for the week ended January 1, against 299 tonnes in the previous week. Activity was severely restrained and business was on narrow lines. High cost of raw cotton deterred users from increasing their purchases.

COCOA – London FOX £/tonne

	Close	Previous	High/Low	
Mar	689	704	698	685
May	703	718	711	699
Jul	717	733	725	715
Sep	732	747	740	729
Dec	753	770	762	750
Mar	775	792	781	774
May	790	807	795	789
Jul	805	822	810	805

Turnover: 4613 (14298) lots of 10 tonnes. ICCO indicator prices (SDRs per tonne). Daily price for Jan 4 740.48 (731.30) 10 day average for Dec 31 734.22 (732.71)

COFFEE – London FOX $/tonne

	Close	Previous	High/Low	
Jan	964	998	986	960
Mar	974	1012	1000	970
May	944	993	975	942
Jul	935	985	967	935
Sep	943	992	975	983
Nov	954	999	980	955

Turnover:4065 (2837) lots of 5 tonnes. *ICO indicator prices (US cents per pound) for* Jan 4: Comp. daily 62.86 (64.16) 15 day average 64.68 (64.78)

POTATOES – London FOX £/tonne

	Close	Previous	High/Low	
Apr	63.0	64.5	64.0	
May	71.5	72.0	72.4	71.5

Turnover 45 (43) lots of 20 tonnes.

SOYAMEAL – London FOX £/tonne

	Close	Previous	High/Low
Feb	156.50		156.50
Apr	154.00	156.50	154.00

Turnover 50 (30) lots of 20 tonnes.

FREIGHT – London FOX $10/index point

	Close	Previous	High/Low	
Jan	1300	1314	1310	1299
Apr	1267		1270	1267
Jul	1140		1140	1140
BFI	1364	1368	1364	1364

Turnover 112 (5)

GRAINS – London FOX £/tonne

Wheat	Close	Previous	High/Low	
Jan	136.10	136.50	136.15	136.10
Mar	137.00	138.40	138.20	137.00
May	139.00	140.40	140.10	139.00
Jun	140.00		140.00	
Barley	**Close**	**Previous**	**High/Low**	
Jan	130.25	131.75	130.55	130.25
Mar	132.60	134.00	133.50	132.60
May	134.85		135.00	134.85

Turnover: Wheat 123 (119), Barley 265 (76). Turnover lots of 100 Tonnes.

PIGS – London FOX (Cash Settlement) p/kg

	Close	Previous	High/Low
Jan	106.0	104.0	105.0
Feb	104.0		102.0
Mar	105.0		105.0
Apr	105.0		105.0
Jun	105.0	105.0	105.0
Jul	104.0		103.0

Turnover:17 (2) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)					Total daily turnover 21,816 lots	
Cash	1222.5-3.5	1238-7	1235	1235-6		
3 months	1245-5.5	1259.5-60	1260/1250	1257.5-8	1243-4	178,501 lots
Copper, Grade A (£ per tonne)					Total daily turnover 60,311 lots	
Cash	1536.5-7.5	1560-1.5	1547/1546	1547-7.5		
3 months	1555-5.5	1577.5-8	1588/1542	1567-7.5	1542-3	143,175 lots
Lead (£ per tonne)					Total daily turnover 4,365 lots	
Cash	297.5-8.5	303-4	300/299	299-9.5		
3 months	306-8.5	313.5-4	312/307	309.5-10	306-7	22,194 lots
Nickel ($ per tonne)					Total daily turnover 17,360 lots	
Cash	6335-45	6165-70		6310-20		
3 months	6410-5	6235-40	6440/6300	6385-95	6390-400	38,907 lots
Tin ($ per tonne)					Total daily turnover 4,755 lots	
Cash	6045-50	5935-40	6050	6045-55		
3 months	6110-5	6000-5	6130/6050	6110-20	6110-20	8,932 lots
Zinc, Special High Grade ($ per tonne)					Total daily turnover 10,070 lots	
Cash	1058-60	1067-8	1058/1057.5	1057.5-8		
3 months	1077-8	1085.5-6	1085/1076	1076.5-7	1076-7	69,339 lots

LME Closing £/$ rate: SPOT: 1.5438 3 months: 1.5300 6 months: 1.5183 9 months: 1.5104

LONDON BULLION MARKET (Prices supplied by N M Rothschild)

Gold (troy oz)	$ price	£ equivalent
Close	329.00-329.30	
Opening	328.70-329.10	
Morning fix	328.80	217.994
Afternoon fix	328.60	214.491
Day's high	329.40-329.80	
Day's low	328.60-328.80	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	1.01	6 months	1.84
2 months	1.08	12 months	2.25
3 months	1.11		

Silver fix	p/troy oz	US cts equiv
Spot	241.20	365.40
3 months	245.35	368.25
6 months	249.10	371.35
12 months	256.75	379.10

GOLD COINS

	$ price	£ equivalent
Krugerrand	326.50-331.50	218.00-220.00
Maple leaf	338.30-340.55	-
New Sovereign	78.50-81.60	52.00-54.00

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Feb	May	Feb	May
1225	25	60	16	27
1250	14	44	30	38
1275	7	34	47	51
Copper (Grade A)	**Calls**		**Puts**	
2250	118	129	4	23
2300	77	95	12	38
2350	44	65	28	60
Brent Crude	**Feb**	**Mar**	**Feb**	**Mar**
1800	13	37	39	45
1850	3	21	75	78
1900	2	11	122	-

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Jan	328.7	328.1	0	0
Feb	329.0	328.4	329.5	328.5
Mar	329.5	328.9	329.0	329.0
Apr	330.0	329.5	330.6	329.5
Jun	331.3	330.8	331.8	330.8
Aug	332.6	332.2	332.5	332.5
Oct	334.1	333.7	0	0
Dec	335.7	335.3	336.4	335.2
Feb	337.8	337.3	337.7	337.3

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Jan	357.4	353.7	357.8	355.0
Apr	355.9	352.7	356.0	353.5
Jul	354.1	351.1	354.5	353.0
Oct	353.7	350.7	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Jan	367.7	363.5	0	0
Feb	368.6	364.4	0	0
Mar	369.5	365.3	370.5	366.5
May	372.2	368.0	373.0	369.0
Jul	374.7	370.5	375.5	371.0
Sep	377.4	373.2	0	0
Dec	381.7	377.5	382.5	378.0
Jan	382.9	378.7	0	0
Mar	386.8	382.5	385.0	384.6
May	390.4	386.1	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jan	105.05	105.40	105.20	104.90
Feb	105.60	105.00	[illegible]	[illegible]
Mar	106.10	106.40	[illegible]	[illegible]
Apr	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
Jun	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Feb	19.05	19.04	19.22	18.91
Mar	19.17	19.16	19.32	19.04
Apr	19.30	19.28	19.42	19.22
May	19.36	19.36	19.50	19.31
Jun	19.40	19.40	19.54	19.36
Jul	19.51	19.43	19.53	19.40
Aug	19.46	19.45	19.50	19.43
Sep	19.50	19.46	19.50	19.50
Oct	19.60	19.50	19.52	19.49
Nov	19.56	19.50	19.56	19.52

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Feb	55.35	55.18	55.80	54.90
Mar	55.30	55.14	55.75	54.95
Apr	54.70	54.68	55.00	54.55
May	53.70	53.78	53.85	53.60
Jun	53.45	53.48	53.70	53.35
Jul	53.75	53.78	53.80	53.60
Aug	54.40	54.44	54.60	54.40
Sep	55.50	55.61	55.65	55.60
Oct	56.55	56.51	56.65	56.65
Nov	57.65	57.36	57.65	57.55

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Mar	955	930	960	928
May	981	959	988	959
Jul	1003	979	1007	981
Sep	1030	1004	1008	1008
Dec	1058	1037	1049	1038
Mar	1088	1070	0	0
May	1115	1090	0	0
Jul	1137	1112	0	0
Sep	1160	1135	1135	1135
Dec	1185	1156	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Mar	71.80	74.80	74.50	71.50
May	76.15	79.15	78.40	75.75
Jul	77.70	80.40	79.90	77.70
Sep	79.00	81.75	81.10	79.00
Dec	81.20	83.75	83.20	81.20
Mar	83.05	85.50	0	0
May	84.75	86.50	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	8.09	8.29	8.25	8.08
May	8.26	8.42	8.39	8.26
Jul	8.34	8.51	8.48	8.34
Oct	8.36	8.52	8.49	8.36
Mar	8.49	8.66	0	0
May	8.58	8.74	0	0

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Mar	58.58	58.42	58.75	58.10
May	59.66	59.62	59.85	59.40
Jul	60.74	60.69	60.90	60.50
Oct	60.00	59.85	60.25	59.80
Dec	59.48	59.02	59.48	58.99
Mar	59.60	59.80	0	0
May	60.10	60.55	0	0

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jan	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]	[illegible]
Nov	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]

INDICES

REUTERS (Base: September 18 1931 = 100)

Jan 5	Jan 4	mnth ago	yr ago
1710.0	1705.7	1660.7	1668.6

DOW JONES (Base: Dec. 31 1974 = 100)

	Jan 4	Dec 31	mnth ago	yr ago
Spot	121.00	121.29	121.17	112.58
Futures	122.58	122.52	119.70	120.64

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Jan	565/2	562/4	565/6	561/6
Mar	570/2	568/0	571/0	567/0
May	576/4	574/4	576/6	573/4
Jul	582/6	581/2	583/2	580/0
Aug	585/0	583/0	585/4	582/4
Sep	584/0	583/0	584/4	583/0
Nov	590/0	587/6	590/2	587/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Jan	20.57	20.49	20.58	20.30
Mar	20.84	20.73	20.85	20.51
May	21.06	20.93	21.08	20.71
Jul	21.26	21.12	21.27	20.90
Aug	21.28	21.15	21.26	21.05
Sep	21.30	21.20	21.30	21.08
Oct	21.30	21.17	21.30	21.05
Dec	21.35	21.22	21.35	21.10

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Jan	184.6	184.8	185.8	184.2
Mar	182.8	182.4	183.3	182.0
May	182.8	182.2	183.3	182.0
Jul	184.6	184.0	185.4	184.0
Aug	185.6	184.8	186.3	185.0
Sep	186.5	185.8	187.3	186.0
Oct	188.0	187.3	188.3	187.4
Dec	190.1	189.5	190.7	189.5

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Mar	216/6	215/6	217/4	215/4
May	224/2	223/2	225/0	222/6
Jul	230/2	229/0	231/0	228/4
Sep	234/4	233/6	235/0	233/4
Dec	239/4	238/6	239/6	238/4
Mar	246/4	245/6	246/4	245/0

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Mar	361/4	361/2	365/4	360/0
May	342/6	341/4	346/2	341/4
Jul	320/6	319/0	324/0	319/0
Sep	325/0	324/0	328/4	324/0
Dec	335/6	334/2	338/2	334/0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Feb	78.100	77.600	78.150	77.550
Apr	77.325	76.900	77.350	76.925
Jun	73.650	73.175	73.700	73.175
Aug	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	72.500	71.800	72.325	71.900

LIVE HOGS 40,000 lb; cents/lbs

	Close	Previous	High/Low	
Feb	42.625	43.650	43.300	42.750
Apr	41.000	42.050	42.200	41.600
Jun	46.350	47.250	47.150	46.625
Jul	45.350	46.775	46.825	46.150
Aug	43.500	45.000	45.350	44.800
Oct	41.150	41.625	41.300	41.050
Dec	[illegible]	[illegible]	[illegible]	[illegible]

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Feb	37.325	37.825	37.800	36.850
Mar	37.775	38.125	38.075	37.300
May	39.000	39.275	39.200	38.600
Jul	38.850	38.850	39.700	38.050
Aug	38.000	38.400	38.790	37.960

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LONDON STOCK EXCHANGE

Profit-taking hits the FT-SE leaders

By Terry Byland, UK Stock Market Editor

SENIOR fund managers yesterday took a closer look at the generous valuation levels built up on the UK stock market over Christmas and decided the time had come to take profits. They first showed their hands in the stock index sector and a heavy fall in the March contract on the FT-SE Index soon accelerated the setback in the underlying equities.

An early gain of 7.8, taking the Footsie to a new trading peak of 2,869.3, was rapidly replaced by a loss which ranged to more than 31 points at the day's low. The final reading of 2,833.6 left the index down 27.9 on the session.

Profit-taking focused on the leading stocks, and the second tier issues were slow to react to the change in market sentiment. The FT-SE Mid 250 Index closed 13.8 up at a new peak of 2,910.2, but the day's gain had been halved by the end of the session.

The diversion between the two indices appeared to reflect separate pressures from domestic and international factors. In the UK, early reports on consumer spending over Christmas have been favourable, and received further encouragement yesterday from Marks and Spencer, the high street retailer.

Darker clouds, however, have appeared overseas, where hopes that this week's pressures on the French franc might spur a cut in German interest rates must await tomorrow's meeting at the Bundesbank.

However, the London stock market had been bracing itself for a correction after its powerful advance during the Christmas period. UK equities, and in particular the FT-SE Mid 250 Index, were perceived as "overbought on almost any technical criteria", said Mr Richard Kersley at Barclays de Zoete Wedd, the UK investment bank.

Mr Ian Harnett at Strauss Turnbull also saw UK share valuations of around 17 times historic earnings as expensive against other global markets, and pointed out that problems facing UK equities could include tax increases in the chancellor's March budget.

Determined selling of the March Footsie future set the pace for the fall in share prices, but the blaze was fanned by a revival of the rights issue worries already in the market before Christmas. Traders refused to be impressed by suggestions that Unilever or some other blue chip planned a rights issue, but believed a smaller name might attempt a fund-raising.

Losses across the range of the blue chip issues were emphasised by weakness in dollar stocks, behind the US currency. A sharp rise in Seaq-reported trading volume to 769.1m shares from Monday's 606.6m indicated a return to more normal trading levels. More significantly, Stock Exchange data showed that Monday's retail, or customer, business was worth £1.01bn.

Equity volume has remained relatively high over the holiday period and now appears to be establishing itself at the £1bn-plus daily levels recorded since sterling's withdrawal from the ERM network.

Strategists suggested that, in the near term, the direction of the stock market is likely to be driven by developments in stock index futures, the instrument often used by fund managers to change an underlying stance in equities. Share prices are expected to open cautiously this morning and to await their cue from the futures.

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change
ADT	13	500	
ASDA Group	9,700	50	−½
Abbey National	5,600	381	−11
Albert Fisher	4,300	68	
Allied-Lyons	1,000	608	−17
Amstrad	1,800	23	
Anglian Water	1,300	488	+5
Argos	786	286½	+1½
Argyll Group	5,000	380	−4
Arjo Wiggins	3,100	158	+6
Ass. Brit Foods	1,200	508	−1
Ass. Brit Ports	858	371	+4
BAA	2,000	789	+4
BAT Inds.	1,900	981	+10
BET	4,000	87	−1
BICC	3,000	352	−8
BOC	851	781	
BP	8,700	236½	−9¼
BPB Inds.	472	207	
BT	3,300	397½	−6
BT New	1,800	234	−5
BTR	6,600	558	+3
Bank of Scotland	910	124	−3
Barclays	6,000	386	−3
Bass	8,700	641	−4
Beresford Int.	2,700	25	−1
Blue Circle	6,200	207	−4
Booker	825	400	+8
Boots	3,900	545	−14
Bowater	682	480	−1
Brit. Aerospace	3,600	178	+3
British Airways	3,300	308	
British Gas	5,700	293	+½
British Land	298	186	
British Steel	14,000	55½	
Bunzl	1,700	122	+1
Burmah Castrol	1,000	735	−4
Burton	13,000	78½	+4½
Cable & Wire.	2,100	710	−4
Cadbury Schweppes	1,400	456	+3
Calor Group	281	234	+3
Carlton Comms.	1,000	783	+5
Coats Viyella	1,800	219	−5

	Volume 000's	Closing Price	Day's change
Comm. Union	745	632	
Cookson	2,100	201	+2
Courtaulds	1,400	602	+3
Dalgety	1,300	477	−1
De La Rue	447	645	−12
Dixons	7,200	274	+10
Eastern Elect.	1,300	422	−7
East Midland Elect.	1,100	435	−6
Eng China Clays	619	458	+6
Enterprise Oil	528	446	
Eurotunnel Units	16	335	−2
FKI	973	113	+4
Fisons	3,300	242	−3
Forte	2,700	188	−6
Gen. Accident	540	580	−11
General Elect.	3,500	278	−4½
Glaxo	6,800	764	−35
Glynwed Int.	257	298	−3
Granada	3,000	361	−4
Grand Met.	5,700	458	−1
GUS A	471	1708	−22
GRE	5,400	187	
GKN	2,300	464	
Guinness	2,900	492	−20
HSBC (75p shs)	6,300	507½	+6½
Hammerson 'A'	157	271	−7
Hanson	8,100	232½	−5
Hanson Warrants	8,600	21¾	−½
Harrisons Crosfield	1,400	159	+5
Hillsdown	2,900	142	−1
IMI	113	274	+3
ICI	3,600	1085	+15
Inchcape	705	589	−1
Kingfisher	2,800	593	−3
Kwik Save	580	786	+8
Ladbroke	4,900	189	+2
Land Securities	532	437	−7
Laporte	881	629	−20
Legal & General	1,800	428	+4
Lloyds Abbey	528	426	+4
Lloyds Bank	3,800	542	−2
LASMO	5,000	185	−2
London Elect.	442	443	−8

	Volume 000's	Closing Price	Day's change
Lonrho	616	75	
Lucas	2,600	135	+4
MB Caradon	3,600	319	
MEPC	1,100	328	+2
Manweb	90	498	−11
Marks & Spencer	13,000	333	+8
Midlands Elect.	14	474	−7
NFC	1,400	200	+4
NatWest Bank	3,400	418	+7
National Power	7,300	277	−5½
Next	2,300	146½	
North West Water	1,200	484	+7
[illegible]	[illegible]	[illegible]	[illegible]
Ryl Bk Scotland	3,800	211	−2
Royal Insurance	2,800	778	+1
Saatchi	59	155	
Sainsbury	3,200	577	+3
Scottish & New	815	455	−14
Scot. Hydro-Elect.	603	250	−7½
Scottish Power	1,000	238	−6½
Sears	9,800	98½	−1
Sedgwick	3,100	182	+5
Seeboard	577	483	−8
Severn Trent Water	1,500	465	+4

	Volume 000's	Closing Price	Day's change
Shell Transport	3,400	563	−5
Siebe	699	445	
Slough Ests	1,600	147	−1
Smith (W.H.) A	684	494	+1
Smith & Nephew	1,600	180	−½
SmKl Beecham	3,400	487	−10
SmKl Beecham Uts.	1,600	425	−16
Smiths Inds.	1,000	377	+6
Southern Elect.	597	443	−5
South Wales Elect.	418	487	−8
South West Water	791	481	+4
South West. Elect.	643	470	−3
[illegible]	[illegible]	[illegible]	[illegible]
Warburg (SG)	617	561	−6
Wellcome	1,300	982	+3
Welsh Water	132	534	+5
Wessex Water	234	589	+1
Whitbread 'A'	742	474	−7
Williams Hldgs.	603	332	−6
Willis Corroon	2,700	201	+8
Wimpey	1,100	114	−1
Wolseley	791	544	+7
Yorkshire Elect.	362	488	−10
Yorkshire Water	348	533	+5

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down.

Account Dealing Dates

*First Dealings:		
Dec 14	Jan 4	Jan 18
Option Declarations:		
Dec 30	Jan 14	Jan 28
Last Dealings:		
Dec 31	Jan 15	Jan 29
Account Day:		
Jan 11	Jan 25	Feb 8

*New time dealings may take place from 8.30am two business days earlier.

BP hurt by US selling

REVIVAL OF long-running market stories that British Petroleum could be about to launch a massive rights issue, together with several other bearish tales, left BP shares floundering.

However, BP dismissed suggestions of an impending fund-raising exercise. Oil analysts agreed, arguing that, although the company might announce a rights issue later in the year, a cash call now is unlikely. "BP will not be forced into issuing shares too cheaply, that is for certain," said one broker. The stock closed 9¼ down at 236½p on 9.2m traded.

Dealers said the weakness in BP developed just before US markets opened with US brokers big sellers. US investors have been strong supporters of BP since the middle of last year and now speak for around 21 per cent of the equity. C.J. Lawrence, one of the most influential US brokers in the oil sector and a long-time bull of BP, was said to have turned a seller.

The latest slide in oil prices to below $18 a barrel, a weak dollar and a story in the US press about US opposition to the sale of a BP chemicals plant to Iran, brought additional pressure. Another suggestion was that the apparently keen support for the shares last month might have represented no more than end-year "window dressing". Strauss Turnbull, long-time bears of BP, reaffirmed its downside target of 170p. "Switch into Shell," said Mr John Toalster.

ICI stands out

Support from James Capel, the leading UK agency broker, ensured that ICI stood out in a weakened FT-SE Index yesterday. The shares rallied 15 to 1085p in spite of negative comment from a rival house and falls in a number of internationally traded stocks.

Mr David Ingles, Capel's chemicals analyst, raised his recommendation on ICI to a buy from a strong hold. He has maintained his 1993 profits forecast at £800m, around the top end of expectations, and is "conscious that the news from the company will be bad". But he argues that most of that bad news is already in the share price and there is little downside from present levels.

He has the support of Nikko Europe, which is a buyer of ICI for its recovery prospects. However, County NatWest issued a sell note and cut its 1993 forecast by 21 per cent to £600m. County believes weak demand in mainland Europe, particularly Germany, is maintaining heavy pressure on the group's materials and industrial chemicals businesses.

Redland firm

The market continued to register approval of the asset sales announced by Redland on Monday, the shares outpacing both the building sector and the overall market.

At the close, the stock was 10 higher at 433p, making a two-day advance of 26. Turnover was heavy, with 3.4m shares dealt.

UBS Phillips & Drew, the Swiss-owned stockbroker, was said to have been one of the strongest supporters of the shares. Mr David Taylor, building analyst at UBS, labelled the shares a buy because of growing confidence that the 1993 dividend would be paid. "There are not many Footsie stocks offering an 8 per cent yield with the dividend likely to be maintained," he added. Redland's preliminary figures are expected in April.

Good pre-Christmas trading at Marks and Spencer helped the shares put on 8 to 333p. In briefings to analysts, the stores group said that second-half sales were ahead of expectations, although no specific figures were given. However, some in the market had feared that sales, and more crucially margins, might have fallen in this period and had been ready to downgrade. Turnover was a healthy 13m.

Positive sales figures from Circuit City, leading electrical retailer in the US, sent Dixons sharply forward, raising hopes that Silo, its US subsidiary and Circuit City rival, may return to profitability. Dixons shares closed 10 up at 274p. Boots tumbled on profit-taking after rising last week on US approval for its Manoplax drug. The shares fell 14 to 545p.

Abbey National attracted selling pressure after hints of a profits downgrade, the shares closing 11 off at 381p on turnover of 5.6m. Concern about yet more provisions against property losses left Barclays 3 off at 386p. But Standard Chartered responded to a broker buy recommendation, improving 15 to 603p, the highest since February 1990.

Extremely active markets and the prospect of a bumper year for rights issues and takeover bids gave a boost to some merchant banks. Hambros appreciated 12 to 261p and Kleinwort Benson 7 to 329p.

Insurance brokers Sedgwick advanced 5 to 182p and Willis Corroon 9 to 201p, reflecting the Kleinwort Benson buy recommendations.

Dollar-influenced stocks were generally affected by weakness in the US currency, as well as the sidelining of defensive stocks. Glaxo was the main casualty, with Lehman Brothers becoming the latest US house to point out the stock's premium to its growth rate. Lehman was advising clients to switch into companies such as Astra, Roche and Wellcome.

Glaxo fell 35 to 764p, accounting for more than seven points of the slide in the Footsie. Wellcome improved 3 to 982p. Other internationals to suffer included BAT Industries, Rothmans International and RTZ.

Rights issue talk surrounded food manufacturer Unilever, although analysts were sceptical, choosing to blame a large seller in Amsterdam for the fall of 24 in the shares to 1093p.

United Biscuits spent $75m strengthening its US biscuit arm with the purchase of Bake Line. UB added 2 at 364p.

A busy food retail sector shrugged off last week's price war worries as strong seasonal sales talk continued to be heard. J. Sainsbury moved 3 ahead bolstered by upgradings from BZW and UBS Phillips & Drew. Rumours that discount specialist Kwik Save would announce Christmas sales growth of 13 per cent helped the shares gain 8 to 786p. Tesco, expected to announce similar news, added 2 to 258p.

Hoare Govett was positive on Iceland Frozen Food and the shares rose 13 to 636p but Hoare's downgrade of Morrison Supermarkets led to a fall of 6 to 161p in the shares.

There was no dimming of takeover speculation around Owners Abroad, which put on 1¼ at 109p in turnover of 3.5m, with rival tour operator Airtours still favourite to make a 120p-a-share bid. Airtours edged forward a penny to 321p.

Thorn EMI fell 21 to 860p. Smith New Court decided the stock had overrun and advised clients to take profits.

The S.G. Warburg media team sent out a review of the publishers which advised clients to remain overweight in the sector. The house likes Carlton Communications, which gained 5 to 783p. Among the second liners, Warburg advised picking up Daily Mail, Emap and Trinity.

Newspaper group Portsmouth & Sunderland lifted 15 to 565p following a substantial buy order from an institutional client carried out by Credit Lyonnais Laing.

Bank note printer De La Rue languished 12 lower at 645p after S.G. Warburg Securities reviewed the paper and packaging sector. The house believes that the stock is expensive in the short term. It feels the choice buys are Bunzl, a penny firmer at 123p and Bowater, steady at 480p.

Powell Duffryn rose 18 to 484p after the company announced a £3.5m acquisition.

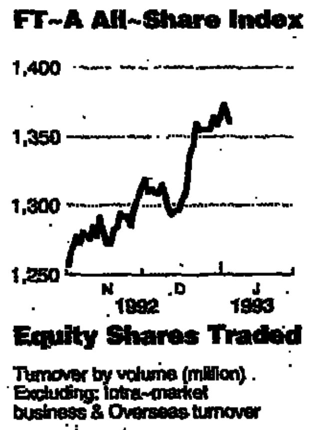
Speciality chemicals group Laporte fell 20 to 629p on fears that its declared interest in adhesives group Evode might prompt some form of fund-raising exercise. Laporte said it intended to pick up 10 per cent of Evode shortly after conglomerate Wassall increased its offer to 95p a share. Wassall fell 10 to 207p and Evode firmed a penny to 104p.

Index buying helped textile group Campari International recover 11 to 270p.

MARKET REPORTERS:
Christopher Price,
Peter John,
Steve Thompson.

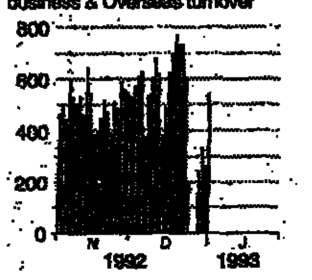
■ Other market statistics, Page 14

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million). Excluding: intra-market business & Overseas turnover



NEW HIGHS AND LOWS FOR 1992/93

NEW HIGHS (199).
AMERICANS (5) Ford Motor, Rep. NY, [illegible] ... OTHER INDLS (11) BTR, Do Wts., Do Wts. '93/93, Do Wts. '94/95, Cookson, McKechnie, Morgan Crucible, Do 7½pc Pf., Scapa, Staveley, Vinten, PACKG, PAPER & PRNTG (8) API, Brixton, Capital Inds., Jarvis Porter, MY, Microgen, Portals, Waddington, PROP (2) Evans of Leeds, Savills, STORES (8) Brown (N), Burton, Country Casuals, Courts, Fine Art Devs., Kingfisher, MFI, Menzies, TELE NETWORKS (2) Cable & Wireless, Security Servs., TEXTS (5) Celestion, Claremont Grmts., Courtaulds, Dewhirst, Richards, TRANSPORT (6) Dawsongroup, Mersey Docks, P & O 5¼pc Pf., Powell Duffryn, Tibbett & Britten, WATER (1) Northumbrian.
NEW LOWS (5).
ENG GEN (2) Beauford 7p Pf., Elliott (B), PROP (1) Warnford, MINES (2) Butte, Northam Platinum.

FINANCIAL TIMES EQUITY INDICES

	Jan 5	Jan 4	Dec 31	Dec 30	Dec 29	Year ago	High	Low
Ordinary share	2189.1	2209.9	2185.2	2170.9	2178.8	1901.4	2209.9	1670.0
Ord. div. yield	4.28	4.23	4.27	4.30	4.29	4.80	5.34	4.23
Earning yld % full	5.88	5.82	5.87	5.90	5.88	7.20	-	-
P/E ratio net	21.71	21.93	21.74	21.80	21.69	17.48	21.93	15.79
P/E ratio nil	20.05	20.26	20.08	19.96	20.01	16.47	-	-
Gold Mines	60.4	62.5	63.9	63.1	64.4	140.1	160.6	60.4

*for 1992/93. Ordinary share index since compilation: high 2209.9 4/1/93 - low 49.4 26/6/40
Gold Mines index since compilation high: 734.7 15/2/83- low 43.5 26/10/71
Basis Ordinary share 1/7/35; Gold Mines 12/9/55.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2208.7	2217.1	2214.3	2214.6	2218.2	2208.9	2209.4	2197.8	2185.8	2219.7	2185.7

Volume	Jan 5	Jan 4	Dec 31	Dec 30	Dec 29	Year ago
SEAQ Bargains	34,436	33,093	15,651	24,161	17,408	29,210
Equity Turnover(£m)†	-	1016.1	383.6	797.4	638.1	949.10
Equity Bargains†	-	34,656	17,096	25,925	18,393	29,293
Shares traded (mil)†	-	548.7	265.0	335.1	247.1	387.5

† Excluding intra-market business and overseas turnover.

London report and latest Share Index
Tel. 0891 123001. Calls charged at 36p/minute cheap rate, 48p at all other times.

EQUITY FUTURES AND OPTIONS TRADING

A DAY split into two distinct halves saw the futures market reach a new all-time high only to end the day in ignominious retreat, writes Christopher Price.

The opening of trading on the March FT-SE future contract was dominated by hopes of a cut in German interest rates at the Bundesbank meeting tomorrow. March, which opened at 2,882, moved smartly forward on the speculation, which raised hopes for a further easing of UK rates.

Strong short sterling and firm gilts also combined to squeeze March higher through a busy morning period, before the contract reached an historical high of 2,898 around midday.

However, the mood changed for the afternoon when the European interest rate markets weakened and the German rate cut hopes diminished. A leading US house led the way, selling the future down, helped by rumours of a large rights issue from BP.

By late afternoon, March had dropped to 2,850, its low of the day, before rallying at the close to finish at 2,856, a 10-point premium to its fair value of around 15. Volume was a credible 9,549 contracts.

Volume was also healthy in the options market, where 33,322 contracts were traded, of which the FT-SE 100 contract was responsible for 9,339 lots. Marks and Spencer was the top traded stock option at 1,332, followed by Blue Circle at 1,324.

FT-SE Actuaries Share Indices — THE UK SERIES

FT-SE 100	FT-SE MID 250	FT-A ALL-SHARE
2833.6 −27.9	2910.2 +13.8	1364.85 −8.35

	Jan 5	Day's change %	Jan 4	Dec 31	Dec 30	Year ago	Earnings yield %	Dividend yield %	P/E Ratio	Xd adj ytd
FT-SE 100	2833.6	−1.0	2861.5	2846.5	2832.5	2482.9	6.57	4.29	19.17	2.44
FT-SE Mid 250	2910.2	+0.5	2896.4	2862.9	2856.4	2375.6	6.56	4.36	19.40	2.81
FT-SE-A 350	1388.3	−0.7	1397.7	1388.6	1382.5	1198.7	6.57	4.32	19.21	1.22
FT-SE SmallCap	1387.35	+0.7	1377.88	1363.79	–	–	–	4.62	–	0.81
FT-SE SmallCap ex Inv Trusts	1390.39	+0.7	1380.06	1363.79	–	–	6.56	4.89	21.51	0.83
FT-A ALL-SHARE	1364.85	−0.6	1373.20	1363.79	1358.06	1185.20	–	4.34	–	1.18
1 CAPITAL GOODS(211)	885.71	+0.1	884.87	875.84	872.26	750.08	6.36	4.86	20.61	1.00
2 Building Materials(27)	915.32	+0.9	906.81	889.03	886.33	891.73	5.58	5.90	25.52	0.30
3 Contracting, Construction(29)	746.49	—	746.86	739.29	730.43	847.57	3.44	6.52	90.20	0.20
4 Electricals(14)	2550.72	−1.4	2587.00	2559.13	2539.37	2379.93	6.32	5.69	20.77	0.00
5 Electronics(35)	2344.23	−0.7	2360.26	2354.29	2354.33	1686.55	6.56	3.62	19.36	13.04
6 Engineering-Aerospace(7)	307.85	+0.9	305.10	296.57	285.85	322.13	11.52	7.63	11.05	0.00
7 Engineering-General(52)	523.45	+0.6	520.44	513.35	510.00	463.29	7.73	4.55	16.51	0.27
8 Metals and Metal Forming(11)	319.37	−0.1	319.63	322.95	321.45	306.86	5.46	4.14	26.64	0.14

LONDON SHARE SERVICE

BRITISH FUNDS

Notes	Price £	+ or −	1992/93 high	1992/93 low	Yield Int.
"Shorts" (Lives up to Five Years)					
Treas 8¾pc 1993	108⅛	.....	109¼	97½	8.24
10pc 1993‡‡	100⅞	.....	101½	99¼	9.91
12½pc 1993‡‡	103⅛	.....	104⅞	100½	12.12
Funding 6pc 1993‡‡	99½	.....	100	95⅛	6.02
Treas 13¾pc 1993‡‡	106⅛	.....	107⅛	103⅝	12.98
8½pc 1994	102⅛xd	.....	102½	96¼	8.39
14½pc 1994‡‡	108⅝	+⅛	110⅝	104½	13.35
Exch 13½pc 1994	108⅜	.....	110½	103½	12.49
Treas 10pc Ln 1994‡‡	104½	+⅛	105½	98½	9.57
Exch 12½pc 1994	108⅝	.....	110⅞	103⅝	11.51
Treas 9pc 1994‡‡	103⅞	+⅛	104⅜	96⅜	8.66
12pc 1995	109¾xd	+⅛	111⅛	102½	10.96
Exch 3pc Gas 90-95	94	.....	95¼	88¼	3.19
10¼pc 1995	107½	+⅛	108¼	99⅞	9.52
Treas 12¾pc 1995‡‡	114⅛	+⅛	118½	106¼	11.17
14pc 1996	117½xd	+⅛	119½	109½	11.87
9pc 1992-96‡‡	100⅛xd	.....	104½	96⅛	8.99
15¼pc 1996‡‡	123⅛	+⅛	126¼	113½	12.39
Exch 13¼pc 1996‡‡	117⅛	+⅛	119⅛	108	11.31
Conversion 10pc 1996	109⅛	+⅛	110½	98½	9.16
Treas 13¼pc 1997‡‡	119⅜xd	+⅛	121½	108½	11.09
Exch 10½pc 1997	110⅞	+⅛	112⅞	100½	9.47
Treas 8¾pc 1997‡‡	105⅝	+⅛	107½	94	8.28
8¾pc '97 ‡‡	105⅝	+⅛	%0	%0	8.28
Five to Fifteen Years					
Exch 15pc 1997	129⅛	−⅛	131⅛	117½	11.62
9¾pc 1998	109⅛	.....	111⅛	97½	8.90
Treas 7¼pc 1998 (£25 pd)	25½	+⅛	27⅛	24⅞	7.23
Treas 6¾pc 1995-98‡‡	97½	−⅛	98⅞	86½	6.91
15½pc '98‡‡	134½	−⅛	137½	123⅞	11.51
Exch 12pc 1998	119⅛	−⅛	121⅛	107½	10.08
Treas 9½pc 1999‡‡	108½	−⅛	111⅛	97⅛	8.72
Exch 12¼pc 1999	120½	−⅛	123⅞	109⅛	10.15
Treas 10½pc 1999	113½	−⅛	116⅛	101½	9.23
Conversion 10¼pc 1999	113⅛	−⅛	115½	100½	9.07
9pc 2000‡‡	106⅝	−⅛	108¼	94⅛	8.44
Treas 13pc 2000	128⅛	−⅛	122⅞	114½	10.39
10pc 2001	110⅛	−⅛	113½	98½	9.03

OTHER FIXED INTEREST

Continued on next page

LONDON SHARE SERVICE

AMERICANS

	Notes	Price £	+ or -	1992/93 high	1992/93 low	Mkt Cap£m	Yld Gr's
Abbott Labs	h	28⅛xd	—	21¼	14⅝	16,843	1.9
Allegheny & W.	♥	433p	—	454p	226p	225.8	4.4
Amdahl		474p	-10	1159p	438p	632.3	1.3
Amer Cyanamid		38⅝	+⅛	38⅝	28⅝	3,482	2.7
Amer Express		16½xd	—	16⅞	10¼	7,887	3.9
Amer T & T		33⅝xd	-¼	34½	20⅛	44,717	2.5
Ameritech		46¾	-⅛	47½	32½	29,468	5.0
BankAmerica		30⅞xd	-½	31⅞	19⅞	16,616	2.7
Bankers NY		45⅞xd	+⅜	48⅛	28⅞	3,677	4.3
Bell Atlantic		34¼	—	34⅝	23⅛	14,785	4.8
BellSouth		34¾	-⅛	35⅝	25	16,906	5.1
Bethlehem Steel	♥	10⅛xd	-½	10⅞	5¾	915.9	-
Bowater		1590pxd	-22	1637p	905p	575.6	4.6
CPC	h	32⅞xd	-⅛	34	22⅞	4,908	2.3
Cadiz Land Inc	♥	115p	—	342p	108p	-	-
California Engy		1086p	—	1086p	591p	197.7	-
Chase Manhattan		18⅞xd	—	19½	9⅛	2,827	4.0
Chrysler		21⅝xd	+⅛	21¾	8¼	6,332	1.7
Citicorp		14⅛xd	-⅛	14¾	8⅛	5,114	-
Colgate-Palm		36¼xd	-⅛	42⅛	25¾	6,778	2.2
Cont'l Bank		1409p	-35	1444p	499p	1,420	2.7
Dana		31⅞xd	+⅛	31⅝	14⅞	1,436	3.2
Data General		790p	+14	1004p	384p	218.0	-
Decora Inds	♥	145p	—	148p	66p	-	-
Dun & Brad		38⅝	+⅛	38⅝	27⅝	6,861	3.7
Eaton		53⅝	-1⅛	54½	32½	1,843	2.6
Echlin		15¼xd	-¼	15½	7⅞	874.9	2.9
FPL		24xd	-⅛	24⅝	17⅞	4,380	6.5
Fluor		27xd	-⅛	30⅛	19¼	2,189	1.1
Ford Motor		29xd	+⅛	29	15	14,136	2.2
Gen Elect		56⅝xd	-⅛	57⅞	36¾	48,369	2.8
General Host	♥	595p	—	611p	360p	-	3.9
Gillette		37⅛xd	-⅜	40	23⅞	8,144	1.2
Hasbro		20⅞	—	23½	12⅝	1,672	0.6
Honeywell	h	21xc	-1⅛	22⅞	16	5,815	2.7
Houston Inds		36⅞	+⅛	38⅞	22	3,998	6.1
IBM		32¾	-1¼	64½	31½	18,681	9.3
Ingersoll-Rand		28⅞xd	+⅛	21	12⅞	2,986	2.2
Lockheed		37¼	-½	37¾	22⅝	2,289	3.6
Lowe's	h	1656p	+45	1656p	815½p	1,298	1.1
Merrill Lynch		39¼xd	-⅜	40⅝	24⅝	4,629	1.9
Morgan (JP)		43⅛xd	-½	43⅞	28⅞	8,233	3.5
[illegible]		[illegible]					

CANADIANS

BANKS

BREWERS & DISTILLERS

BUILDING MATERIALS

BUILDING MATERIALS - Cont.

BUSINESS SERVICES

CHEMICALS

CONGLOMERATES

CONTRACTING & CONSTRUCTION

CONTRACTING & CONSTRUCTION - Cont.

ELECTRICALS

ELECTRICITY

ELECTRONICS

ENGINEERING-AEROSPACE

ENGINEERING-GENERAL

ENGINEERING-GENERAL - Cont.

FOOD MANUFACTURING

FOOD RETAILING

HEALTH & HOUSEHOLD

HOTELS & LEISURE

HOTELS & LEISURE - Cont.

INSURANCE BROKERS

INSURANCE COMPOSITE

INSURANCE LIFE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

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LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

	Notes	Price	+ or -	1992/93 high	low	Yld Gr's	NAV	Dis or Pm(-)
Scottish Inv	♣□	185½xd	+2	188	147	3.3	220.7	16.0
Warrants	□	39½	-½	41	21	-	-	-
Scot Mortgage	♣†□	183½	+1½	184½	135	2.8	212.8	13.7
Scot National Inc	♣□	99	+1	107	65¾	13.3	-	-
Cap	□	20	—	42	12½	-	49.8	59.7
Stepped Pf		152¼	-½	155½	128	5.3	-	-
Zero Div Pf		209½	—	209½	166½	-	-	-
Warrants		5	—	9	3	-	-	-
Scot Value		71½	-½	72½	48	3.4	70.2	-1.9
Sec Alliance		1426	-2	1433	1066	3.4	1540.5	7.4
Second Market		257	+1	257	222	8.8	296.8	13.6
Sec Tst Scot	♣□	76¼	-½	77½	61	5.7	79.7	4.4
Select Assets		111	—	112	78½	1.1	158.4	29.0
Eq Ind Sect		130	—	130	106	4.4	-	-
Eq Ind Sect		130	—	130	109	4.4	-	-
SHIRESCOT		106	+1	108	96	9.0	106.2	1.1
Shires	‡	234	—	249	188	10.5	228.6	-2.4
11pc Cv Ln '03/04		£117½	—	£119½	£95½	9.4	-	-
Slam Select		98	+1	103	68	8.3	138.4	29.6
Warrants		15	—	21	10	-	-	-
Smaller Cos	□	78	—	85	65	4.3	85.7	9.5
Warrants		14	—	20	10	-	-	-
Sphere Inc	N□	14	—	20	9½	29.5	22.6	40.6
Zero Div Pf		81¼	+½	81¼	63¾	-	-	-
Sprint		39	+1	55	30	4.3	93.1	58.7
TR City of Lon	□	131¼	+1	131¼	97½	4.8	124.2	-5.7
TR Euro Growth	♣□	78	—	90	70	2.3	97.3	19.8
Ptg Sub		37	—	54	30	5.8	-	-
TR Far East Inc	♣□	116	+2	116	76	5.2	120.9	4.5
Warrants		23	+½	23	12	-	-	-
TR High Inc		106xd	—	111	91	7.6	107.1	1.5
Sub		25	—	35	21	8.0	-	-
TR Pacific	♣□	114	+1	114	70	0.3	114.1	0.1
TR Prop	♣†□	17¼	—	27	14½	‡	27.4	37.1
TR Smaller	♣□	147	+1	152	96	3.4	150.4	2.0

MERCHANT BANKS

	Notes	Price	+ or -	1992/93 high	low	Mkt Cap£m	Yld Gr's	P/E
Baraga 8pc Cm 2nd Prf		94	—	101	83½	11.6	11.3	-
9¼pc Non-Cum Prf		114½	—	125	103¼	45.6	11.4	-
Close Bros		274	-1	278	205	105.6	4.8	12.2
Hambros	♣□	281	+12	282	202	462.3	7.0	11.6
7½pc Cv Pf		117	+3½	119	91½	175.6	8.5	-
Joseph (L)		328	+3	333	308	17.2	6.4	-
Kleinwort Benson	□	329	+7	330	212	430.0	6.5	28.8
Rea Bros	♣□	39	—	39	25	15.3	1.7	-
Schroders	♣†	1355	—	1365	1043	880.2	1.8	15.8
NV	†	1165	+2	1168	883	160.6	2.1	13.4
Singer & Fried	♣□	56	+2	56	34	98.2	8.7	11.0
Warburg (SG)	♣□	507	-6	805	403	1,174	4.3	16.6
6pc Cv Pf		186	+1	204	137	84.2	4.0	-
Wintrust		196	—	253	188	16.1	6.5	7.3

METALS & METAL FORMING

	Notes	Price	+ or -	1992/93 high	low	Mkt Cap£m	Yld Gr's	P/E
ASW	†□	82	—	165	50	65.5	‡	15.5
Apollo Metals	♣	85	—	147	73	10.0	5.4	15.6
Ash & Lacy		146	+2	168	123	38.7	5.8	12.0
Barratt (H)	†	7W	—	46	7	3.04	‡	18.2
Billam (J)	†	139	+1	144	84	2.11	4.4	6.0
Brit Steel	K□	55½	—	88	43½	1,110	2.4	52.9
CI	□	19	—	35	12	18.4	14.4	7.8

OIL & GAS - Cont.

PACKAGING, PAPER & PRINTING - Cont.

TELEPHONE NETWORKS

MINES - Cont.

MEDIA

INVESTMENT COMPANIES

MISCELLANEOUS

OTHER FINANCIAL

PROPERTY

TEXTILES

TRANSPORT

WATER

SOUTH AFRICANS

STORES

PLANTATIONS

MINES

OTHER INDUSTRIALS

MOTORS

PACKAGING, PAPER & PRINTING

OIL & GAS

	Notes	Price	+ or -	1992/93 high	low	Mkt Cap£m	Yld Gr's
Glencar Expl IE	‡‡	8	—	16	8	1.48	-
Greenwich Res	□	5¼	—	11	2	3.88	-
Hemlo Gold C$		84	—	85½	23¾	385.6	2.5
Ivernia West IE	‡‡□	33	—	63	30	16.8	-
Kells Mins IE	‡‡□	8	—	42	8	8.19	-
Kenmare	♣□	7¾	—	8	2¼	7.44	-
Malinga Res		25½	—	48	8	2.81	-
Navan Res IE	‡‡	27	-7	34	15	3.82	-
Orpx Gold		48½	—	193	46¾	-	-
Plateau		3W	—	13	3	1.37	-
RTZ	□	672	-13	698	469	6,740	3.8
Vizcaya	♣	3	—	3	1	1.61	-

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks *where transactions and prices are published continuously through the* Stock Exchange Automated Quotation system (SEAQ).
- ● "Tap Stock"
- • Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ Free annual/interim report available, see details below.
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially UK listed; dealings permitted under Rule 535(2)
- # Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♦ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
r Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
v Not subject to ACT.
z Dividend yield includes a special payment
E Auction basis
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1993.
K Yield based on prospectus or other official estimates for 1992-93
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1993-94.
N Yield based on prospectus or other official estimates for 1992.
P Figures based on prospectus or other official estimates for 1994.
R Forecast annualised yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xt ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1235 a year for each security shown, subject to the Editor's discretion

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AUTHORISED UNIT TRUSTS

[illegible]

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071 – 379 – 0444.

هكذا من الأصل

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available from FT Cityline. For further details call (071) 925 2128.

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Sharp (Albert E.) & Co (1000)F						
Admin: 5 Rayleigh Rd Hutton, Brentwood Essex						
Enquiries: 0277 227300 Dealing 0277 261010						
European	5	100.00	100.00	105.00		
Intl Bond & Conv	5	119.10	119.40	125.70	-0.10	5.88
Pooled Pension ♦	7	146.0	149.0	160.2		
Smaller Cos	6	56.57	58.35	61.42	+0.62	2.38
UK General	5	115.90	117.60	123.80	+1.10	2.79
Sheppards Unit Trust Mngmt Ltd (1200)F						
1 White Hart Yard, London Bridge SE1 071 407 5966						
Income	5	378.95	378.95	401.69	+3.41	5.13
Global Inc	5	53.98	53.98	57.22	+0.31	4.25
Brit Leaders	5	317.74	317.74	336.8	+1.86	3.03
Intl Leaders	5	174.27	174.27	184.73	-0.21	1.77
F'An Man Bal Grth Acc ♦	3½	50.44	51.77	53.79	+0.17	3.16
F'An Man Bal Grth Inc ♦	3½	50.44	51.77	53.79	+0.17	3.16
Singer & Friedlander UT Mgmt Ltd (1000)F						
PO Box 224, Beckenham, BR3 4TF 081-663 3003						
European Trust	6	47.54	47.62	50.65	-0.16	1.66
Far Eastern Tst	6	52.23	52.97	56.35	+0.15	0.88
Smaller Cos	5	126.1	131.3xd	139.6	+1.6	3.02
Smith & Williamson Unit Tst Mgrs (1600)F						
1 Riding House St, London W1A 3AS 071-637 5377						
S & W American ♦	5	270.9	271.4xd	287.2	+1.1	0.98
S & W Capital	5	110.9	110.9	118.6	+0.3	1.97
S & W Cash	0	101.84	101.84	101.84	+0.06	6.50
S & W European	5	107.0	107.2	113.4		1.06
S & W Far Eastern	5	108.5	109.6	115.9	+0.4	0.00
S & W Growth	5	119.0	120.3	127.3	+0.8	1.54
S & W Income	5	104.4	105.7	111.8	+1.0	5.54
S & W Magnum	5	116.8	116.8	125.2	+0.3	1.90
S & W Smllr Secs	5	270.7	276.6	292.6	+2.3	0.78
S & W Thoroughbred	5	134.8	134.8	144.5	+0.4	1.79
Societe Generale Touche Remnant (1200)F						
Mermaid Hse, 2 Puddle Dock, EC4V 3AT 071-248 1250						
American Gwth	5¼	79.08	79.08	84.57	+2.57	0
Eur Sp Sits Acc	5¼	40.75	40.75	43.78	-0.15	0
Eur Sp Sits Inc	5¼	38.48	38.48	40.88	-0.14	0
Far East Opps Inc	5¼	25.92	25.92xd	27.98	+0.73	0
Far East Opps Acc	5¼	26.63	26.63	28.75	+0.75	0
General Growth	5¼	95.26	95.26	102.30	+0.80	2.50
General Growth Acc	5¼	97.67	97.67	104.90	+1.70	2.47
Global Tech	5¼	112.60	112.60xd	121.60	+5.40	0
Income Growth	5¼	94.26	94.26	101.40	+0.70	4.13
Income Growth Acc	5¼	96.06	96.06	103.40	+2.70	4.13
Income Monthly	5¼	53.43	53.43	57.14	+1.28	6.08
Japan Growth	5¼	60.35	60.35xd	64.17	-1.39	0
Overseas Growth	5¼	66.75	66.75xd	71.01	+0.86	0
Smaller Cos	5¼	62.24	62.24	66.92	+3.52	2.38
Special Opps	5¼	80.57	80.57	86.63	+3.35	2.66
Wwide Sp Sit Acc	5¼	39.46	39.46xd	42.55	+0.67	0
Wwide Sp Sit Inc	5¼	39.37	39.37xd	42.45	+0.67	0
SGTR Pension Portfolio						
American Growth	6	47.99	48.77	51.69	+1.92	-
Eur Sp Sits	6	33.02	33.32	35.32	+0.05	-
General Growth	6	34.69	35.41	37.53	+0.32	-
Global Tech	6	44.75	45.94	48.69	+2.20	-
Income Growth	6	31.12	31.85	33.76	-0.14	-
Japan Growth	6	19.13	19.32	20.48	-0.15	-
Managed Equity	6					-
Overseas Growth	6	29.23	29.57	31.34	+0.30	-
Smaller Cos	6	15.96	16.30	17.28	+0.30	-
Special Opps	6	18.42	18.81	19.94	+0.61	-
Stlg Liquidity	6	34.55	34.55	35.99	+0.05	-
Wwide Sp Sits	6	32.46	33.21	35.20	+0.82	-
Sovereign Unit Tst Mngrs Ltd (1000)F						

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Whittingdale Unit Tst Mgmt Ltd (0830)F						
2 Honey Lane, London EC2V 8BT 071-600 0462						
Challenger	2½	88.91	88.91	90.99	+0.10	0.00
Short Dtd Gilt	1¼	107.2	107.2	108.6	+0.20	3.57
U.S. Govmnt Bond	1½	0.7046	0.7046	0.7138		0.00
Gilt Income	4	50.97	50.97xd	53.04	+0.15	8.69
Gilt Growth	4	63.35	63.35xd	65.95	+0.12	0.00
City Reserve	0	51.86	51.86xd	51.86	+0.01	6.92
Woolwich Unit Trust Managers Ltd (1700)H						
2 White Oak Square, Swanley BR8 7AG 0705 388046						
Stockmarket Fd F	5	64.66	64.88	69.02	-0.26	2.22

OTHER UK UNIT TRUSTS

	Bid Price	Offer Price	+ or -	Yield Gross
Baillie Gifford & Co Ltd				
Int'l Exmpt Dec 31	648.1	669.3		1.04
Baring Investment Mngmt Ltd				
155 Bishopsgate, London EC2M 3XY				
071 214 1050 (general enquiries) 071 214 1004 (dealing)				
Charitable Funds				
UK Growth & Income	52.40	54.25	.	4.8
Income Plus	48.94	49.94	.	7.5
James Capel Fund Managers Ltd				
European Exempt	£100.169	101.241	-0.362	1.78
Japanese Exempt	£102.579	104.005	-1.981	-
Managed Exempt	£124.833	131.845xd	-0.155	3.71
North American Exempt	£100.029	101.497	.42	1.18
Pacific Exempt	£99.040	101.75	-0.352	-
Cent. Bd. of Fin. of Church of England‡‡				
2 Fore Street, London EC2Y 5AQ 071-588 1815				
Inv Fund Nov 30	559.95	565.60	.	5.27
Fxd Int Sec Nov 30	149.10	149.85		4.68
Deposit Fund. See Money Market Trust Funds				
Charinco/Charishare‡‡ (1000)F				
33 King William Street, EC4R 9AS 071-280 2800				
Charinco Inc	173.7	175.7	+0.60	9.33
Charinco Acc	1018	1030	+3.00	9.33
Charishare Inc	186.6	190.9	+2.30	4.19
Charishare Acc	241.6	247.1	+2.90	4.19
CAFINVEST—Charities Aid Foundation				
48 Pembury Rd, Tonbridge TN9 2JD 0732 771333				
Balanced Growth	63.23	65.12	.	3.84
Income	58.67	59.75	.	7.36
COIF—Charities Official Inv Fd‡‡				
2 Fore Street, London EC2Y 5AQ 071-588 1815				
Income Nov 30	558.07	559.52	...	5.31
Accum Nov 30	2230.36	2245.08	.....	-
Fixed Int Income Nov 30	121.35	121.59		9.54
Fixed Int Accum Nov 30	154.97	155.10	..	-
Deposit Account: see Money Market Trust Funds				
Charity Fixed Int Fd/Charity Equity Fd				
33 Gutter Lane EC2V 8AS 071-382 6900 (Gen Enquiries) 071-382 3919 (Dealing)				
Charity Equity Inc	114.00	116.60xd	+0.70	3.80
Charity Equity Acc	117.10	119.80xd	+0.70	3.80
Charity Fixed Int Inc	102.60	103.70xd	+0.10	8.80
Charity Fixed Int Acc	104.60	105.70xd	+0.10	8.80

INSURANCES

FT MANAGED FUNDS SERVICE

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Prolific Life & Pensions Ltd

Stramongate, Kendall, Cumbria LA9 4UB 0539 733733

Managed Fund see Balanced Growth Managed Fund

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
Balanced Gwth Mngd	650.8	692.4	-1.0	-
Adventurous Mngd	156.4	166.4	+0.4	-
Cautious Mngd	123.7	131.7	+0.4	-
Cash Fd	315.7	332.7	----	-
Property Fund	216.1	229.9	....	-
Equity Fund	743.0	790.5	+1.1	-
Fxd Int. Fund	399.4	420.9	+0.7	-
International	328.6	349.6	+0.2	-
High Income	584.3	621.6	+3.5	-
Far East	428.2	455.6	+1.4	-
North American	441.3	469.5	-2.3	-
Special Sits	537.7	572.1	+1.8	-
Technology	456.5	485.7	-1.9	-
Extra Inc Fd	319.2	339.6	+2.0	-
Convertible & Gilt Fd	151.0	160.7	+1.4	-
American Income	176.9	188.2	-0.7	-
Gilt Fund 20	438.2	466.2	-0.1	-
European Fund	115.3	122.7	+0.1	-
Pref & Fixed Int.	110.2	117.3	+0.1	-
UK Blue Chip	118.4	124.8	+1.2	-
Recovery Fund	112.5	118.6	+1.1	-
Equity Income Dist	104.8	111.5	+0.6	5.01
Managed Dist	99.9	106.3	+0.3	5.24
High Yield Dist	101.6	107.1	+0.2	7.44
Pension Funds				
Balncd Gth Mgd Pens Acc.	758.4	798.4	+3.9	-
Adventurous Mgd Pens Acc.	164.1	172.8	+0.6	-
Cautious Mngd Pens Acc.	142.8	150.4	+0.5	-
Building Soc. Acc.	363.7	382.9	....	-
Property Pens. Acc.	294.2	309.7	....	-
Fir Int. Pens Acc.	629.4	662.6	+0.8	-
Equity Pens. Acc.	958.6	1009.1	+2.3	-
International Pens Acc.	304.2	320.3	....	-
High Inc Pens Acc.	652.8	687.2	+5.1	-
Tech Pens Acc.	321.9	338.9	-1.2	-
N American Pens Acc.	337.0	354.8	-1.6	-
Far Eastern Pens Acc	431.9	454.7	+2.0	-
Special Sits Pens Acc	441.3	464.6	+3.9	-
Extra Income Pens Fd	391.5	412.2	+5.3	-
Convertible & Gilt Pen	184.4	194.2	-0.9	-
American Inc Pens	202.0	212.7	+1.4	-
European Pens	127.8	134.6	+0.1	-
Managed Cash Pens	171.1	180.2	....	-
Pref & Fixed Pens	128.2	135.0	+0.1	-
UK Blue Chip	125.9	132.6	+1.6	-
Recovery Fund	120.1	126.5	+1.4	-
Unitised With Profits Pen.	107.8	113.5	+0.1	-
Other Funds				
Margetts Growth	117.8	124.0	+0.1	-
Margetts Income	120.2	126.6	-0.1	-
Margetts Pension	128.3	135.1	+0.1	-

MANAGEMENT SERVICES

OFFSHORE INSURANCES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

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JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Franc steady as pound surges

THE BANK OF FRANCE yesterday reversed the French franc's recent slide against the D-Mark in the European Exchange Rate Mechanism by raising its official short term interest rates, *writes James Blitz.*

After closing at FFr3.4190 against the D-Marks on Monday night, the franc closed in London yesterday at FFr3.4140, more than a centime above its ERM floor against the German currency.

However, it was unclear last night whether the interest rate change had done anything more than buy time for the French authorities. "A big question mark remains over whether France can maintain the existing parities," said Mr Neil MacKinnon, an economist at Citibank in London.

Sterling appeared to profit remarkably from the renewed crisis over the franc, and a growing feeling that the UK economy is set for an economic upturn. The pound gained more than 5 pfennigs against the D-Mark, closing at DM2.5100.

France's decision to suspend the 5-10 day lending rate and raise the overnight rate to 12 per cent will have made it prohibitively expensive for dealers to borrow francs in order to speculate with them.

According to some dealers, the rise in rates was a pre-emptive measure by the French authorities, who attempted to scare off speculators before the franc came under significant pressure.

The authorities would also have been concerned that commercial banks could "round trip," borrowing at the 5-10 day rate of 10 per cent and lending at higher money market rates.

But money market rates rose even more sharply on the move, with the overnight rate reaching 15 per cent yesterday. With French unemployment at 10.5 per cent and an election less than two months away, such high rates may be unsustainable for long.

There was no overt intervention in support of the currency yesterday from either the Bundesbank or the Bank of France. But news agencies reported a senior German government official as saying that the Bundesbank had spent DM3.5bn defending the franc on Monday.

The figure, if true, may help to appease those dealers who believe that German intervention is limited by fears of exacerbating money supply. But one dealer suggested that it may indicate the worrying scale which the crisis has already reached.

Sterling's spectacular rise to DM2.51 yesterday was partly attributed to tensions in the heart of Europe. Mr MacKinnon of Citibank warned that it would be premature to use the phrase "safe haven" when referring to the British currency. But he said that there was a growing feeling that the UK economy was set for an upturn, a view underlined by good money growth indicators yesterday. M0 rose by a seasonally adjusted 0.3 per cent between November and December.

£ IN NEW YORK

Jan 5	Latest	Previous Close
£ Spot	1.5440-1.5450	1.5000 1.5010
1 month	0.55-0.53pm	0.56 0.54pm
3 months	1.44-1.41pm	1.39 1.36pm
12 months	4.00-3.90pm	3.85 3.75pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Jan 5	Previous
8.30 am	80.2	79.4
9.00 am	80.2	79.7
10.00 am	80.2	79.6
11.00 am	80.2	79.6
Noon	80.5	79.7
1.00 pm	81.1	79.5
2.00 pm	80.8	79.5
3.00 pm	81.1	79.5
4.00 pm	81.2	79.7

CURRENCY RATES

Jan 5	Bank ‡ rate %	Special * Drawing Rights	European † Currency Unit
Sterling	-	0.910407	0.784398
U.S Dollar	3.00	1.36907	1.19464
Canadian $	7.43	1.74967	1.52854
Austrian Sch	8.25	15.7402	13.7479
Belgian Franc	7.75	46.0042	40.2026
Danish Krone	9.50	8.68333	7.57400
D-Mark	8.25	2.23679	1.95407
Dutch Guilder	7.75	2.51895	2.19670
French Franc	10	7.65584	6.66369
Italian Lira	12.00	2070.49	1832.91
Japanese Yen	3.25	170.928	149.652
Norway Krone	-	9.56980	8.35828
Spanish Peseta	-	159.332	139.284
Swedish Krona	11.50	9.77311	8.70055
Swiss Franc	6.00	2.01801	1.77009
Greek Drach	19	N/A	260.407
Irish Punt	-	N/A	0.742795

‡ Bank rate refers to central bank discount rates. These are not quoted by the UK, Spain and Ireland † European Commission Calculations.
* All SDR rates are for Jan 4

CURRENCY MOVEMENTS

Jan 5	Bank of England Index	Morgan** Guaranty Changes %
Sterling	81.2	-30.14
U.S Dollar	66.7	-10.4
Canadian Dollar	94.8	-7.52
Austrian Schilling	114.9	+16.4
Belgian Franc	116.0	+1.81
Danish Krone	116.5	+10.28
D-Mark	125.3	+31.63
Swiss Franc	111.6	+20.27
Dutch Guilder	119.5	+21.85
French Franc	109.0	-7.88
Lira	80.8	-33.63
Yen	151.9	+87.55
Peseta	99.5	-24.22

Morgan Guaranty changes: average 1980-1982 = 100 Bank of England Index (Base Average 1985 = 100). **Rates are for Jan.4

OTHER CURRENCIES

Jan 5	£	$
Argentina	1.5270 - 1.5295	0.9980 - 0.9990
Australia	2.2555 - 2.2575	1.4855 - 1.4865
Brazil	19396.6 - 19409.4	12677.5 - 12677.6
Finland	8.0680 - 8.2295	5.3600 - 5.3800
Greece	325.400 - 331.950	215.800 - 220.160
Hong Kong	11.8274 - 11.8435	7.7425 - 7.7435
Iran	2215.00*	1460.00*
Korea(Sth)	1174.00 - 1192.95	785.10 - 791.30
Kuwait	0.46450 - 0.46550	0.30400 - 0.30430
Luxembourg	51.70 - 51.80	33.45 - 33.55
Malaysia	3.9550 - 3.9670	2.5915 - 2.5925
Mexico	4.7660 - 4.7690	3.1180 - 3.1200
N.Zealand	3.0235 - 3.0275	1.9780 - 1.9805
Saudi Ar	5.7255 - 5.7390	3.7495 - 3.7505
Singapore	2.5225 - 2.5305	1.6540 - 1.6550
S Af (Cm)	4.6780 - 4.6905	3.0605 - 3.0625
S Af (Fn)	7.5295 - 7.5860	4.9260 - 4.9630
Taiwan	38.75 - 38.90	25.35 - 25.45
U.A.E.	5.6060 - 5.6210	3.6715 - 3.6735

*Floating rate. Iran Official rate £99.60 $66.60

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Jan 5	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Portuguese Escudo	182.194	176.197	-3.29	4.45	48
Spanish Peseta	143.386	139.284	-2.86	3.99	43
Belgian Franc	40.6304	40.2026	-1.05	2.09	36
Dutch Guilder	2.21958	2.19670	-1.03	2.07	35
D-Mark	1.96992	1.95407	-0.80	1.83	31
Danish Krone	7.51410	7.57400	0.80	0.22	-51
French Franc	6.60683	6.66369	0.86	0.15	-66
Irish Punt	0.735334	0.742795	1.01	0.00	-60

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9) Sterling and Italian Lira suspended from ERM. Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

Jan 5	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.5045 - 1.5460	1.5450 - 1.5460	0.56-0.54cpm	4.27	1.43-1.40pm	3.66
Canada	1.9215 - 1.9735	1.9620 - 1.9630	0.11pm-0.05cdis	0.18	0.08pm-0.21dis	-0.13
Netherlands	2.7625 - 2.8275	2.8175 - 2.8275	¼-¾cdis	-1.06	⅝-¾dis	-1.06
Belgium	50.55 - 51.80	51.70 - 51.80	6-10cdis	-1.86	11-17dis	-1.08
Denmark	9.5420 - 9.7380	9.7275 - 9.7375	9¾-13¼oredis	-14.49	19½-25¾dis	-9.30
Ireland	0.9425 - 0.9565	0.9535 - 0.9545	1.27-2.95pdis	-26.54	2.35-5.05dis	-15.51
Germany	2.4535 - 2.5160	2.5075 - 2.5125	¼-⅜pfdis	-1.49	¾-1dis	-1.49
Portugal	221.45 - 226.70	225.70 - 226.70	162-187cdis	-9.26	438-501dis	-8.30
Spain	174.85 - 178.90	178.35 - 178.65	116-128cdis	-8.20	354-380dis	-8.22
Italy	2291.70 - 2361.70	2360.50 - 2361.50	11-13liredis	-6.10	34-37dis	-6.01
Norway	10.4970 - 10.7450	10.7350 - 10.7450	2⅞-5¼oredis	-4.33	8⅝-11⅛dis	-3.79
France	8.3830 - 8.5755	8.5650 - 8.5750	5¼-6¾cdis	-8.66	13¼-14¾dis	-6.53
Sweden	10.8100 - 11.1800	11.1700 - 11.1800	2⅞-3¼oredis	-3.09	6⅛-7½dis	-2.44
Japan	187.85 - 193.75	192.75 - 193.75	⅝-½ypm	3.49	1⅝-1½pm	3.23
Austria	17.30 - 17.67	17.62 - 17.65	1⅜-2⅜grodis	-1.62	5¼-7¼dis	-1.40
Switzerland	2.2155 - 2.2750	2.2650 - 2.2750	⅜-¼cpm	1.32	¼-⅛pm	1.10
Ecu	1.2580 - 1.2870	1.2860 - 1.2870	0.34-0.39cdis	-3.40	1.03-1.13dis	-3.36

Commercial rates taken towards the end of London trading. Six-month forward dollar 2.45-2.40pm. 12 Month 3.92-3.82pm

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Jan 5	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.5045 - 1.5460	1.5450 - 1.5460	0.56-0.54cpm	4.27	1.43-1.40pm	3.66
Ireland†	1.6020 - 1.6180	1.6160 - 1.6170	5.00-3.00cpm	29.69	9.00-5.00pm	17.32
Canada	1.2755 - 1.2845	1.2765 - 1.2775	0.40-0.48cdis	-4.13	1.15-1.30dis	-3.84
Netherlands	1.8260 - 1.8435	1.8260 - 1.8270	0.79-0.85cdis	-5.39	2.12-2.18dis	-4.71
Belgium	33.45 - 33.75	33.45 - 33.55	15.20-16.20cdis	-5.62	40.00-43.00dis	-4.96
Denmark	6.2950 - 6.3600	6.2950 - 6.3000	8.00-11.00oredis	-18.1	19.00-24.00dis	-13.66
Germany	1.6245 - 1.6400	1.6245 - 1.6255	0.80-0.82pfdis	-5.98	2.11-2.14dis	-5.23
Portugal	146.40 - 147.95	146.45 - 146.55	157-167cdis	-13.27	430-460dis	-12.15
Spain	115.80 - 116.95	115.95 - 116.05	126-129cdis	-13.19	366-372dis	-12.72
Italy	1520.00 - 1541.15	1527.50 - 1528.00	12.70-14.20liredis	-10.56	37.00-39.00dis	-9.95
Norway	6.9475 - 7.0260	6.9475 - 6.9525	5.00-6.50oredis	-9.93	13.00-15.00dis	-8.06
France	5.5425 - 5.5930	5.5425 - 5.5475	5.50-6.00cdis	-12.44	13.95-14.70dis	-10.33
Sweden	7.1715 - 7.3005	7.2275 - 7.2325	4.00-4.80oredis	-7.3	10.75-11.75dis	-6.22
Japan	125.00 - 125.40	125.00 - 125.10	0.05-0.06ydis	-0.53	0.09-0.10dis	-0.3
Austria	11.4675 - 11.5250	11.4675 - 11.4725	5.30-5.70grodis	-5.75	14.30-15.40dis	-5.18
Switzerland	1.4685 - 1.4885	1.4685 - 1.4695	0.32-0.35cdis	-2.74	0.88-0.93dis	-2.46
Ecu	1.1900 - 1.2030	1.2020 - 1.2030	0.78-0.76cpm	7.68	2.09-2.06pm	6.90

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EURO-CURRENCY INTEREST RATES

Jan 5	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	7½ - 7¼	7½ - 7¼	7¼ - 7⅛	7⅜ - 7¼	6⅞ - 6¾	6⅞ - 6¾
US Dollar	3½ - 3¼	3⅜ - 3¼	3⅜ - 3¼	3⅜ - 3¼	3⅜ - 3¼	4 - 3⅞
Can. Dollar	7⅜ - 7¼	7⅜ - 7¼	7⅛ - 6⅞	7¼ - 7	7¼ - 7	7¼ - 7
Dutch Guilder	8⅝ - 8½	8½ - 8⅜	8⅜ - 8¼	8¼ - 7⅞	7⅞ - 7¾	7⅜ - 7¼
Swiss Franc	5⅞ - 5⅝	5⅞ - 5⅝	5⅞ - 5⅝	5⅞ - 5⅝	5½ - 5¼	5¼ - 5⅛
D-Mark	8⅞ - 8¾	8⅞ - 8¾	8⅝ - 8½	8⅝ - 8½	8¼ - 8	7½ - 7⅜
French Franc	15 - 13	16 - 14	15 - 14	14 - 13	12 - 11¼	10¼ - 9¼
Italian Lira	13½ - 11½	13¼ - 12½	13¼ - 12⅞	13¼ - 12⅞	13¼ - 12¼	13¼ - 12⅝
Belgian Franc	8⅞ - 8⅝	8⅞ - 8⅝	8⅞ - 8⅝	8⅝ - 8¼	7⅞ - 7⅝	7⅜ - 7⅛
Yen	3⅞ - 3⅝	3⅞ - 3⅝	3⅞ - 3⅝	3⅞ - 3⅝	3⅞ - 3⅝	3⅝ - 3⅜
Danish Krone	17 - 15	19 - 16	[illegible]	[illegible]	[illegible] - 13	14 - 11
Asian $Sing	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spanish Peseta	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Portuguese Esc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Long term Eurodollars: [illegible]

EXCHANGE CROSS RATES

Jan.5	£	$	DM	YEN	F Fr.	S Fr.	N FL.	Lira	C$	B Fr.	Pta	Ecu
£	1	1.546	2.510	193.3	8.570	2.270	2.823	2361	1.963	91.75	176.5	1.287
$	0.647	1	1.624	125.0	5.543	1.468	1.826	1527	1.270	33.47	115.5	0.832
DM	0.398	0.616	1	77.01	3.414	0.904	1.125	940.6	0.782	20.62	71.12	0.513
YEN	5.173	7.998	12.98	1000.	44.34	11.74	14.60	12214	10.16	267.7	923.4	6.658
F Fr.	1.167	1.804	2.929	225.6	10.	2.649	3.294	2755	2.291	60.39	208.3	1.502
S Fr.	0.441	0.681	1.106	85.15	3.775	1	1.244	1040	0.865	22.80	78.63	0.567
N FL.	0.354	0.548	0.889	68.47	3.036	0.804	1	836.3	0.695	18.33	63.23	0.456
Lira	0.424	0.655	1.063	81.87	3.630	0.961	1.196	1000.	0.831	21.92	75.60	0.545
C$	0.509	0.788	1.279	98.47	4.366	1.156	1.438	1203	1	26.36	90.93	0.656
B Fr.	1.932	2.987	4.850	373.5	16.56	4.386	5.455	4562	3.793	100.	344.9	2.487
Pta	0.560	0.866	1.406	108.3	4.801	1.272	1.582	1323	1.100	28.99	100.	0.721
Ecu	0.777	1.201	1.950	150.2	6.659	1.764	2.193	1834	1.525	40.21	138.7	1

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100: Peseta per 100.

FINANCIAL FUTURES AND OPTIONS

LONDON (LIFFE)

US TREASURY BONDS 8% * $100,000 32nds of 100%

	Close	High	Low	Prev.
Mar	105-12	105-12	105-12	105-08
Jun	104-06			104-02

Estimated volume 10 (15)
Previous day's open int. 663 (663)

6% NOTIONAL GERMAN GOVT. BOND * DM250,000 100ths of 100%

	Close	High	Low	Prev.
Mar	92.80	92.88	92.63	92.54
Jun	92.86	92.85	92.72	92.57

Estimated volume 57410 (33297)
Previous day's open int. 143031 (139443)

6% NOTIONAL LONG TERM JAPANESE GOVT. BOND Y100m 100ths of 100%

	Close	High	Low
Mar	108.40	108.48	108.40
Jun	107.88		

Estimated volume 660 (335)
Traded exclusively on APT

12% NOTIONAL ITALIAN GOVT. BOND (BTP) * LIRA 200m 100ths of 100%

	Close	High	Low	Prev.
Mar	92.66	93.19	92.40	93.08
Jun	93.11	93.43	93.43	93.58

Estimated volume 11988 (7543)
Previous day's open int. 19477 (19892)

THREE MONTH STERLING * £500,000 points of 100%

	Close	High	Low	Prev.
Mar	93.36	93.48	93.35	93.44
Jun	93.67	93.78	93.67	93.74
Sep	93.72	93.82	93.72	93.77
Dec	93.47	93.55	93.46	93.50
Mar	93.12	93.20	93.12	93.15
Jun	92.72	92.78	92.68	92.75

Est. Vol. (inc. figs. not shown) 40256 (22409)
Previous day's open int. 210678 (211626)

THREE MONTH EURODOLLAR * $1m points of 100%

	Close	High	Low	Prev.
Mar	96.39	96.45	96.39	96.42
Jun	96.03	96.07	96.06	96.02
Sep	95.61	95.65	95.63	95.60
Dec	95.00	95.03	95.02	94.97

Est. Vol. (inc. figs. not shown) 979 (1017)
Previous day's open int. 18583 (18668)

THREE MONTH EUROMARK * DM 1m points of 100%

	Close	High	Low	Prev.
Mar	92.19	92.31	92.18	92.20
Jun	93.06	93.18	93.03	93.03

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls February	Calls March	Calls June	Puts February	Puts March	Puts June
111	-	1.92	-	0.17	0.45	-
112	0.87	1.23	2.34	0.41	0.79	1.13
113	0.40	0.72	1.77	-	1.23	-
114	0.14	0.34	0.90	-	-	-
115	-	0.17	-	-	-	-
Open int	3,431	182,375	32,120	1,510	146,954	19,986

Estimated volume 51,070 † Total Open Interest 386,376
† All Yield & Open Interest figures are for the previous day.

* Contracts traded on APT. Closing prices shown.

POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.5455	1.5400	1.5314	1.5209	1.5061

BASE LENDING RATES

	%		%		%
Adam & Company	7	Cyprus Popular Bank	7	Mount Banking	7
Allied Trust Bank	7	Duncan Lawrie	7	NatWestminster	7
AIB Bank	7	Equatorial Bank plc	7	Northern Bank Ltd	7
●Henry Ansbacher	7	Exeter Bank Limited	8	Nykredit Mortgage Bnk	7.5
B & C Merchant Bank	13	Financial & Gen Bank	7	●Rea Brothers	7
Bank of Baroda	7	●Robert Fleming & Co	7	Roxburghe Bank Ltd	9
Banco Bilbao Vizcaya	7	Girobank	7	Royal Bk of Scotland	7
Bank of Cyprus	7	●Guinness Mahon	7	●Smith & Williamson Secs	7
Bank of Ireland	7	Habib Bank AG Zurich	7	Standard Chartered	7
Bank of India	7	●Hambros Bank	7	TSB	7
Bank of Scotland	7	Hampshire Trust Plc	13.5	Unibank plc	7
Barclays Bank	7	Heritable & Gen Inv Bk	7	●United Bk of Kuwait	7
Brit Bk of Mid East	7	●Hill Samuel	7	Unity Trust Bank Plc	7
●Brown Shipley	7	C. Hoare & Co	7	Western Trust	7
CL Bank Nederland	7	Hongkong & Shanghai	7	Whiteaway Laidlaw	7
Citibank NA	7	Julian Hodge Bank	7	Yorkshire Bank	7
City Merchants Bank	7	●Leopold Joseph & Sons	7		
Clydesdale Bank	7	Lloyds Bank	7		
Co-operative Bank	7	Meghraj Bank Ltd	7		
Coutts & Co	7	McDonnell Douglas Bk	7		
Credit Lyonnais	7	Midland Bank	7		

● Members of British Merchant Banking & Securities Houses Association

MONEY MARKETS

French cash rates rise

FRENCH cash rates moved up sharply again yesterday after the Bank of France suspended the 5-10 day lending window and raised overnight rates to 12 per cent, *writes James Blitz.*

The French move was the focal point of a rather bearish day in cash and futures markets. French futures fell back sharply on the move, while Euromark futures were temporarily depressed by the Bundesbank's decision not to change money market rates, as had been expected.

UK clearing bank base lending rate 7 per cent from November 13, 1992

Sterling money market dealers ignored a powerful rally by the pound against the D-Mark on the foreign exchanges. Sentiment in the cash market was depressed by the Bank of England's decision to offer a longer-dated repurchase agreement.

France's decision to raise short-term rates was deemed a "pre-emptive strike" by some dealers. Although the franc has come under renewed pressure in the Exchange Rate Mechanism since the new year, forex trading volumes still seem very thin, and the move had not been expected.

The decision to suspend the 5-10 day lending window created thinner liquidity in the market, and cash rates moved up sharply. The overnight rate climbed to around 15 per cent from 13½ per cent the previous day, while 3 month closed at around 13¾ per cent. The March French franc contract fell back to 90.29 after closing at 90.48 on Monday.

Euromark futures fell back in the morning after the Bundesbank announced that it would not push its repo rate below the previous fixed rate of 8.75 per cent as some had expected. However, it added a net DM5.5bn in an allocation that was thought generous.

In the sterling market, 3-month money firmed to 7¼ per cent from a previous close of around 7⅛ per cent, in spite of a strong rally by sterling against the D-Mark on the foreign exchanges.

The poorer sentiment may have been caused by the Bank of England's decision to sell £210m in a repurchase agreement due on March 1 at a rate of 6⅞ per cent. By asking dealers to tie up funds until then, the Bank created the impression that there would be no chance of a cut in base rates until the spring.

A strong feeling in the market was that this was a technical move, resulting from the large shortages in the system. But, the March short sterling contract fell 6 basis points to close at 93.38.

FT LONDON INTERBANK FIXING

(11.00 a.m. Jan.5) 3 months US dollars		6 months US Dollars	
bid 3¼	offer 3⅜	bid 3⅜	offer 3½

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK — Treasury Bills and Bonds

Lunchtime					
Prime rate	6	One month	3.17	Three year	4.97
Broker loan rate	5	Two month	3.11	Five year	5.92
Fed.funds	3¼	Three month	3.19	Seven year	6.31
Fed.funds at intervention	-	Six month	3.37	10-year	6.60
		One year	3.54	30-year	7.34
		Two year	4.49		

Jan.5	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	8.75-8.90	8.75-8.85	8.70-8.80	8.70-8.80	8.30-8.45	9.50
Paris	12¼-12½	11¼-12¼	-	11-12	-	9.10
Zurich	5½-5¾	5¾-5⅞	-	5⅝-5¾	-	-
Amsterdam	8.50-8.62	8.25-8.35	-	8.00-8.10	-	-
Tokyo	3⅞-3⅞	3⅞-3⅞	-	-	-	-
Milan	12¼-12½	13¼-13⅞	-	13-13¼	-	-
Brussels	8.44-8.56	8⅞-8⅞	-	8¼-8⅝	-	-
Dublin	16-18	20-21	17½-18½	16½-17½	14-15	-

LONDON MONEY RATES

Jan 5	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	8	7½	7⅜	7¼	7⅛	6⅞
Interbank Bid	6¼	7⅛	7⅛	7⅛	6⅞	6¾
Sterling CDs.	-	-	7⅛	7⅛	6⅞	6¾
Local Authority Deps.	7¼	7⅛	7⅛	7	6⅞	6⅝
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	7¼	7¼	-	-	-	-
Company Deposits	-	-	-	-	-	-
Finance House Deposits	-	-	7¼	7⅛	6⅞	6⅞
Treasury Bills (Buy)	-	-	6¾	6⅞	6⅞	-
Bank Bills (Buy)	-	-	6⅞	6⅞	6½	-
Fine Trade Bills (Buy)	-	-	-	-	-	-
Dollar CDs.	-	-	3.13	3.24	3.37	3.77
SDR Linked Dep. Offer	-	-	5⅜	5⅜	5¼	5⅛
SDR Linked Dep. Bid	-	-	5⅛	5⅛	5⅛	5
ECU Linked Dep. Offer	-	-	10⅝	10⅝	10⅜	9¼
ECU Linked Dep. Bid	-	-	10½	10½	10⅛	9

Treasury Bills (sell); one-month 6⅝ per cent; three months 6½ per cent; six months 6⅜ per cent; Bank Bills (sell): one-month 6⅞ per cent; three months 6¾ per cent; Treasury Bills; Average tender rate of discount 6.3338. ECGD Fixed Rate Sterling Export Finance. Make up day December 31, 1992. Agreed rates for period January 26, 1993 to February 23 1993, Scheme I: 8.38 p.c., Schemes II & III: 8.50 p.c. Reference rate for period December 1, 1992 to December 31, 1992, Scheme IV&V: 7.232 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 7½ from January 1, 1993; Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 3½ per cent; one-three months 6 per cent; three-six months 5½ per cent; six-nine months 5 per cent; nine-twelve months 5 per cent; Under £100,000 3½ per cent from Nov.16, 1992. Deposits withdrawn for cash 1¾ per cent.

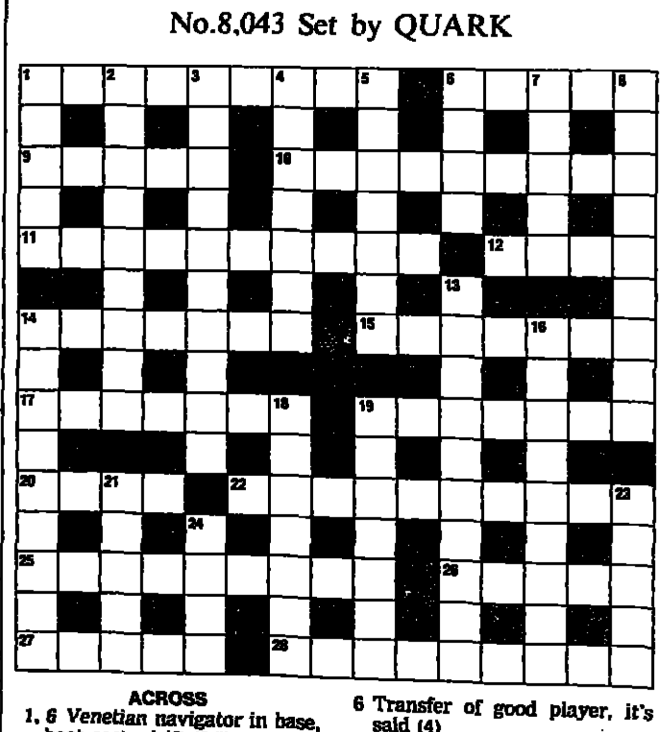
MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

CROSSWORD

No.8,043 Set by QUARK



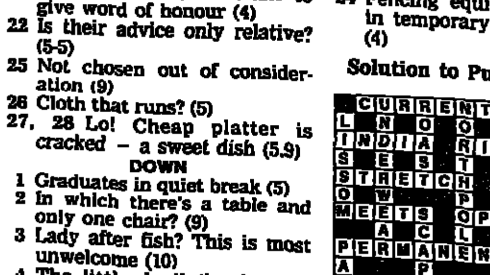
ACROSS

1, 6 Venetian navigator in base, boat cast adrift (9,5)
9 A covering, we hear, is to be of use (5)
10 Put the tool in its case for military punishment (4-5)
11 This float is noted for a certain gravity (10)
12 Long adventure story in the pictures (4)
14 About to replace first of bird group in preparation for eating (7)
15 One taking part in festivities and shows (7)
17 Thin layer of meal, all scattered around (7)
19 R. Ouse is flooding; that's grave (7)
20 Without leader, reluctant to give word of honour (4)
22 Is their advice only relative? (5-5)
25 Not chosen out of consideration (9)
26 Cloth that runs? (5)
27, 28 Lo! Cheap platter is cracked – a sweet dish (5,9)

DOWN

1 Graduates in quiet break (5)
2 In which there's a table and only one chair? (9)
3 Lady after fish? This is most unwelcome (10)
4 The little devil (ie showing extremes of tyranny) indicates lack of respect (7)
5 Can rule somehow from the centre (7)
6 Transfer of good player, it's said (4)
7 Book (not hardback) for the reactionary (5)
8 Shows on the screen or those who appear in them? (9)
13 It's usually decorative and superior to a blazer (10)
14 Discussions on what the papers say? (9)
16 Mend a torn ruffled frill (9)
18 One's dismissed from the plant; something to do with spirits? (7)
19 Informed broadcast coming up: "Drink from Spain" (7)
21 Put up to take in work to increase benefits? (3,2)
23 Plant some cursed (generally in wet areas) (5)
24 Fencing equipment first lost in temporary accommodation (4)

Solution to Puzzle No.8,042



هكذا من الأصل

WORLD STOCK MARKETS

CANADA

TORONTO

3 pm January 5

Quotations in cents unless marked $

Sales	Stock	High	Low	Close	Chng
1500	Abitibi Pr	$14½	14½	14¼	
2200	AgnicoEa	$5¼	5⅜	5⅜	+⅛
52000	Air Cda	300	285	298	+13
4100	Alberta En	$16⅛	16⅛	16⅛	
200	AlbNtGas	$15¼	15¼	15¼	
425800	Alcan Al	$23⅜	23¼	23¼	
122500	Am Barr	$39⅛	38⅝	38¾	−⅛
4000	Atco Cl 1	u$12⅝	12½	12⅝	−⅛
64200	Bk Montr'l	$45¾	45⅜	45½	−¼
169000	Bk Nova Sc	$23⅝	23¼	23⅜	−¼
67600	BC Sugar A	$9½	9¼	9½	−⅛
436300	BCE Inc	$42¼	41¾	42¼	+⅛
30700	Belmoral	8½	7	8	
1200	BOR A	$6¼	6¼	6¼	−⅛
53500	Bomb'dierB	$12⅝	12⅜	12⅝	+¼
29600	Bow Valley	$9¼	9¼	9¼	−¼
18100	BP Canada	$15	14⅞	15	
54200	Bramalea	41	39	41	
90600	Brascan A	$13⅜	13⅛	13¼	−¼
198000	Breakwater	28	27	28	
55800	BC Tel	$19⅝	19½	19½	−⅛
5400	Bruncor	$20⅛	20	20⅛	
300	Brunswick	$8¾	8¾	8¾	
14000	CAE Ind	$5¼	5⅛	5¼	+⅛
20400	Cambior	$11⅞	11¾	11¾	−⅛
900	Cambridge x	$13¼	13½	13½	
13000	Cameco x	$17⅝	17½	17⅝	+⅛
6000	C'bell Res	40	40	40	
317000	CanImpBk	$26¼	26¼	26¾	+⅛
141800	Can Occid	$25	24¾	25	−⅛
638700	Can Pac	$16⅞	16½	16¾	+⅜
200	Can Tire	$18	18	18	
24900	CanTire A	$16	15¾	15⅞	
8700	Can Util A	$21	20⅝	20⅞	+¼
1100	Can Util B	$21	20¾	20⅞	+⅛
1000	CanGenInv	$27½	27½	27½	
1700	Canamax	26	26	27	
252900	Canfor	$27½	26½	27½	+¾
3800	CnPcForest	$22¼	22¼	22¼	
6700	Cara Op	455	455	455	−10
6400	Cascades	$6⅝	6½	6½	−¼
100	Celanese	$39¼	39¼	39¼	
15200	Cntrl Cap	3	3	3	
34700	Cinepx Odn	230	227	230	
2400	Cntrl Fd A	460	450	460	+15
207100	Cominco	$18½	18	18½	+⅛
19500	Computalog	44	43	44	
25400	Corel Sys	$19¾	19½	19⅝	+⅛
1400	CoscanDev	145	145	145	
73600	CrownX A	285	275	280	−9
1000	Denison A	24	23	23	
3500	Derlan	460	d455	455	−5
65700	Dofasco	$10¾	10¾	10¾	−⅛
74000	Domtn Txt	$9	8¾	9	+¼
20700	Domtar Inc	$5½	5⅜	5½	
7000	Du Pont A	$41	41	41	
14500	DundeeBncA	305	300	305	
116800	Echo Bay M	$6⅛	5⅞	6	−⅛
100	Emco Ltd	$5½	5½	5½	+⅛
100	Empire	$10¾	10¾	10½	
52600	Euro Nev	$16⅛	15⅝	15⅞	−⅛
200	FPI Ltd	305	305	305	
202400	FahnstkVnr	$8⅝	8	8½	−⅛
1100	Finning	$12	11⅞	11⅞	−⅛
900	Fst Mars A x	$10¾	10¾	10¾	
5300	Fortis	$24⅝	24½	24½	
600	Four Seasn	$18⅞	18⅞	18⅞	−½
25500	FrancoNev	$27⅛	26½	26½	+¼
77000	Galactic	7½	7	7½	
100	Gendis A	$17⅛	17⅛	17¼	
44800	Glamis Gld	u$5⅛	[illegible]	4.85	−0.05
7700	GoldnStar	$6¾	6⅝	6⅝	
7400	Granges	185	180	185	
50000	GW Lifeco	$15	15	14¾	
152200	Gulf Cda R	390	370	375	−25
300	GW Utils	$5¾	5⅜	5⅜	
100	HarrisSt A	$5¼	5¼	5¼	
100	Hawker Sd	$20¼	20¼	20¼	
68000	Hees Intl	$8⅞	8½	8⅞	+⅜
30200	Hemlo Gold	$7⅝	d7½	7⅝	+⅛
400	Hollinger	$10⅜	10⅜	10⅜	
2100	Home Oil	$14¾	14¾	14¾	−⅛
56500	Horsham	$11	10⅞	10⅞	−⅛
100	HudsBayM&S	$6	6	6	
71900	HudsonsBay x	$29⅜	29⅜	29⅜	
20100	Imasco	u$41⅜	41¼	41¼	−⅛
42100	Imp Oil	$40⅞	40⅝	40¾	+¼
728900	Inco	$30	29⅜	29¾	+½
1500	IntMurexT	$10	10	10	+⅛
3500	IntprvPipe	$23	22⅞	23	
3400	Invest Grp	$26½	25⅞	26¼	+½
8800	Ivaco A	225	220	225	
400	Jannock	$13⅞	13⅞	13⅞	
100	KerrAddis	$16⅛	16½	16½	
16700	Labatt x	$28½	28	28¼	
237100	Lac Minls	$8½	d8⅛	8⅜	
200	Lafarge	$20⅛	20⅛	20	
10600	Laidlaw A	$12	11⅞	11⅞	+¼
184200	Laidlaw B	$12⅛	11¾	12	+⅛
500	Laurent Bk x	$20¼	20¼	20	
300	Laurent Gp	490	490	490	
700	Lawson Mar	$9	9	9⅛	
14000	Loblaw	$19	18¾	18¾	−⅛
14300	Mackenzie	$6	5⅞	6	
42900	Macm Bl	$17⅛	17⅛	17⅛	−⅛
140300	Magna Intl A x	$34¼	34¼	34⅜	+½
13500	Mpl Lf Fds	$14½	14⅜	14½	
51000	Marit T&T	$21¼	21⅛	21⅛	−¼
7700	Mark Res	$5¾	5⅛	5¾	
900	MDS Hth B	$16⅛	16	16	
800	Metall Min	$12⅞	12⅞	12⅞	
11300	Minnova	$17	16½	17	+½
76500	Mitel Corp	215	198	215	+20
5900	Molson A	$28⅜	28¼	28⅜	
65300	Moore Corp	$22	21¼	21⅞	−⅛
19000	Muscocho	5½	5	5	
9700	Nat Bk Can x	$8⅛	8	8	−⅛
4300	Noma Ind A	$5⅜	5¼	5¼	−¼
18800	NorandaFor	$8	7¾	7¾	−⅛
123300	Noranda	$18¾	18⅝	18⅝	+⅛
100	NorcnB.12	$24½	24½	24½	
2100	NorcnMVtg	$17½	17⅛	17⅛	−⅛
68800	Nth Tele	$55	54¼	54¾	−¼
600	Northgate	64	64	65	
935000	Nova Corp	$8⅞	8¾	8¾	
1800	Nowsco WSw	$10⅝	10⅝	10⅝	
24300	Numac Oil	$6	5⅞	6	
2800	Onex Corp x	$7⅞	7⅞	7⅞	
11400	Oshawa A	$22¾	22½	22½	−¼
139500	PWA Corp	78	72	74	
53600	Pagurian A	275	270	270	+15
300	Pancdn Pet	$33⅜	33¼	33⅜	+¼
85600	Pegasus	$18	18	18	
10000	Pioneer Mt	13	13	12	
352200	PlacerDome	$14⅝	14½	14½	
74700	Poco Pet	470	460	470	+10
8000	Power Corp	$16½	15⅞	15⅞	
300	Power Fin x	$20⅞	20⅞	20⅞	+⅛
5100	Quebecor A	u$17⅝	17½	17⅝	+⅜
12500	Ranger Oil	$8¾	8¾	8¾	
16300	Rayrock	u$10¼	10⅛	10⅛	
500	Reed Sten	$33	33	33⅛	
400	Reitman S	u$20	20	20	
340300	Ren'ssance	$18½	18¼	18½	−⅛
31300	Repap Ent	217	210	217	+2
87100	Rio Algom	$17¾	17½	17½	+⅛
82000	RogersComB	$14⅞	14⅝	14¾	+⅛
1300	Rothmans	$101	100	100	
282100	RoyalBkCan	$24⅜	24⅛	24¼	−⅛
128900	Ryl Oak Mn	190	185	185	−5
65400	RylTrustco	310	298	310	+11
8800	StLawrCm A	$6⅞	d6½	6⅝	
60300	SceptreRs	$5⅝	5½	5½	
4200	ScottPaper	$9½	9⅛	9⅜	
41700	Scotts Hos	$10¼	9⅞	10¼	+¼
220800	Seagram Co	$32⅝	32¼	32½	+⅛
7000	Sears Can	$6⅝	6⅜	6⅜	−⅛
33000	ShellCan A	$34¾	34⅝	34¾	+¼
2800	Sherritt G	$6½	6⅜	6⅜	
31800	SHL Syst	$8⅞	8⅜	8½	−½
1400	SNC Group	$10⅝	10½	10½	
24000	Sonora Gld	17	13	17	+4
543800	Southam	$15⅞	15⅝	15⅝	−⅛
15600	Spar Aero	$16⅛	15⅞	16	+⅛
248900	Stelco A	149	143	146	+3
49300	Teck B	$18⅞	18⅝	18¾	−⅛
3900	Teleglobe	$13¾	13⅝	13⅝	
97000	Telus Corp	$13⅛	13	13	−⅛
152200	Thomson	$14½	14⅜	14⅜	
137900	Tor Dom Bk	$16½	16¼	16⅜	
20200	Torstar B	$23	22¾	22¾	
6500	TotalPNAm	$7⅝	7⅜	7⅜	−¼
38500	TransAlta	$13¾	13⅝	13¾	
885100	Transcan P x	$17⅝	17⅜	17½	
10600	Trimac	$9⅛	9	9	
450000	Trizec A	260	245	245	−15
200	UAP A	$17¼	17¼	17¼	
2000	UnitedCorp	$28½	28½	28½	
1600	UtdDomInd	$10⅛	10⅛	10⅛	
200	Univa	$7½	7½	7½	−¼
15400	Viceroy Rs	$5¼	5¼	5¼	
33200	W'coast E	$17½	17¼	17⅜	−⅛
600	Weston Geo	$36¾	36¼	36¾	
5600	WIC B	$15⅛	15	15	+¼

f - No voting rights or restricted voting rights

MONTREAL

3 pm January 5

Sales	Stock	High	Low	Close	Chng
100200	BombrdierB	$12⅝	12⅛	12½	+⅛
11800	Cambior	$11⅞	11⅞	11⅞	+⅛
77100	CanImp Bk	$26¾	26	26⅝	
300	CanMarconi	$13¾	13¾	13¾	
11600	Cascades	$6⅝	6½	6½	−⅛
107200	DominTxt A	$9	8¾	9	+¼
128500	MacleanHnt x	$12	12	12	−⅛
28100	NatBk Can x	$8⅛	8	8	
800	Quebecor A	u$17¾	17½	17¾	+½
7200	Teleglobe	$13¾	13⅝	13⅝	
200	Univa	$7½	7½	7½	
5500	Videotron	$16½	16¼	16½	+¼

Total Sales 13,031,000 shares

INDICES

NEW YORK

DOW JONES	Jan 4	Dec 31	Dec 30	Dec 29	1992/93 HIGH	1992/93 LOW	Since compilation HIGH	Since compilation LOW
Industrials	3309.22	3301.11	3321.10	3310.84	3413.21 (1/6/92)	3136.58 (9/10/92)	3413.21 (1/6/92)	41.22 (2/7/32)
Home Bonds	103.74	103.89	103.31	103.23	103.89 (31/12/92)	98.41 (20/3/92)	103.89 (31/12/92)	54.99 (1/10/81)
Transport	1453.84	1449.21	1456.26	1444.17	1467.68 (20/2/92)	1204.40 (26/8/92)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	221.64	221.02	222.08	222.02	225.59 (3/1/92)	200.74 (8/4/92)	236.23 (2/1/90)	10.50 (8/4/32)

DJ Indl. Day's High 3335.69 (3340.29) Low 3282.74 (3294.36) (Theoretical)♦
Day's High 3318.94 (3327.86) Low 3298.95 (3301.11) (Actual)♦

STANDARD AND POOR'S	Jan 4	Dec 31	Dec 30	Dec 29	1992/93 HIGH	1992/93 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	435.38	435.71	438.82	437.98	441.28 (18/12/92)	394.50 (8/4/92)	441.28 (18/12/92)	4.40 (1/6/32)
Industrials	506.90	507.46	511.41	510.48	515.75 (18/12/92)	470.91 (8/4/92)	515.75 (18/12/92)	3.62 (21/6/32)
Financial	40.82	40.89	41.07	40.89	41.07 (30/12/92)	32.40 (8/4/92)	41.07 (30/12/92)	8.64 (1/10/74)
NYSE Composite	239.88	240.21	241.16	240.66	242.08 (18/12/92)	217.92 (8/4/92)	242.08 (18/12/92)	4.46 (25/4/42)
Amex Mkt. Value	397.35	399.23	395.75	393.83	418.99 (12/2/92)	364.85 (9/10/92)	418.99 (12/2/92)	29.31 (9/12/72)
NASDAQ Composite	671.80	676.95	671.85	669.01	676.95 (31/12/92)	547.84 (26/6/92)	676.95 (31/12/92)	54.87 (31/10/72)

	Dec 31	Dec 24	Dec 18	year ago (approx.)
Dow Industrial Div. Yield	3.14	3.12	3.13	2.80
	Dec 16	**Dec 9**	**Dec 2**	**year ago (approx.)**
S & P Industrial div. yield	2.58	2.58	2.61	2.78
S & P Indl. P/E ratio	26.78	27.10	26.71	23.24

NEW YORK ACTIVE STOCKS

Monday	Stocks traded	Closing price	Change on day
Tucson Elec	4,139,500	2⅛	-⅛
IBM	3,549,500	50¼	-¼
Owens-Illinois	2,930,200	10⅜	+⅛
Merck	2,695,000	43⅞	+½
Citicorp	2,573,100	21¼	-1
Pub Sv Col	2,449,500	28⅛	-⅛
Glaxo	2,293,400	23⅞	+⅛
West Elec	2,177,600	13¾	+⅜
Am T & T	1,858,300	50⅛	-¼
Toys R Us	1,773,400	38⅛	-1¼

TRADING ACTIVITY

† Volume (Millions)	Jan 4	Dec 31	Dec 30
New York SE	199.680	165.910	183.870
Amex	14.367	17.937	17.031
NASDAQ	188.871	(u)	193.482
NYSE			
Issues Traded	2,432	2,394	2,427
Rises	880	1,118	1,053
Falls	1,046	678	765
Unchanged	506	598	609
New Highs	63	107	76
New Lows	10	5	19

CANADA

TORONTO	Jan 4	Dec 31	Dec 30	Dec 29	1992/93 HIGH	1992/93 LOW
Metals & Minerals	2860.64	2814.84	2769.40	2769.70	3238.87 (16/1/92)	2529.91 (17/11/92)
Composite	3351.04	3350.40	3326.83	3314.87	3666.00 (16/1/92)	3195.40 (14/10/92)
MONTREAL Portfolio	1777.94	1771.12	1763.89	1756.26	1937.59 (16/1/92)	1663.16 (14/10/92)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable. ♦ The DJ Indl. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's).

	Jan 5	Jan 4	Dec 31	Dec 30	1992/93 HIGH	1992/93 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1564.6	1560.5	1549.9	1538.2	1684.50 (22/5/92)	1357.20 (16/11/92)
All Mining (1/1/80)	611.7	609.0	602.3	597.3	736.80 (3/7/92)	545.40 (16/11/92)
AUSTRIA						
Credit Aktien (30/12/84)	308.56	304.62	(c)	312.96	458.57 (24/2/92)	291.41 (13/8/92)
Traded Index (2/1/91)	736.33	723.02	(c)	747.70	1099.43 (24/2/92)	682.96 (13/8/92)
BELGIUM						
BEL20 (1/1/91)	1138.07	1125.46	(c)	1127.02	1235.40 (2/6/92)	1046.07 (2/9/92)
DENMARK						
Copenhagen SE (3/1/83)	264.28	261.90	(c)	261.59	365.29 (15/1/92)	250.42 (28/10/92)
FINLAND						
HEX General (28/12/90)	887.6	850.1	(c)	829.0	935.90 (24/2/92)	541.00 (7/9/92)
FRANCE						
CAC General (31/12/81)	479.95	479.78	484.49	482.03	555.93 (12/5/92)	441.70 (7/10/92)
CAC 40 (31/12/87)	1850.78	1843.08	1857.78	1858.77	2077.49 (11/5/92)	1611.04 (5/10/92)
GERMANY						
FAZ Aktien (31/12/58)	609.72	602.31	(c)	602.97	725.26 (26/5/92)	566.61 (12/10/92)
Commerzbank (1/12/53)	1727.3	1704.4	(c)	1704.4	2043.80 (25/5/92)	1594.60 (12/10/92)
DAX (30/12/87)	1556.42	1531.33	(c)	1545.05	1811.57 (25/5/92)	1420.30 (6/10/92)
HONG KONG						
Hang Seng Bank (31/7/64)	5548.03	5437.80	5512.39	5467.89	6447.11 (12/11/92)	4301.78 (2/1/92)
IRELAND						
ISEQ Overall (4/1/88)	1275.28	1261.46	1227.35	1225.76	1469.57 (17/1/92)	1094.88 (19/10/92)
ITALY						
Banca Com. Ital. (1972)	463.72	452.86	446.33	451.18	561.59 (6/2/92)	354.93 (16/9/92)
MIB General (4/1/93)†	1003.0♥	895.0	884.0	894.0	1003.00 (5/1/93)	1000.00 (5/1/92)
JAPAN						
Nikkei (16/5/49)	16842.58	16994.08	(c)	16924.95	23801.18 (6/1/92)	14309.41 (18/8/92)
Tokyo SE (Topix) (4/1/68)	1298.13	1305.81	(c)	1307.66	1763.43 (6/1/92)	1102.50 (18/8/92)
2nd Section (4/1/68)	1717.76	1727.43	(c)	1730.65	2459.85 (6/1/92)	1502.77 (19/8/92)
MALAYSIA						
KLSE Composite (4/4/86)	630.89	632.83	643.96	642.66	660.35 (5/11/92)	546.63 (14/1/92)
NETHERLANDS						
CBS Ttl.Rtn.Gen.(End 1983)	297.4	295.7	(c)	294.2	314.90 (9/6/92)	274.00 (8/1/92)
CBS All Shr (End 1983)	202.2	199.0	(c)	198.0	215.50 (26/5/92)	189.70 (25/8/92)
NORWAY						
Oslo SE (Ind) (2/1/83)	695.11	677.09	(c)	666.74	772.74 (18/5/92)	532.43 (25/8/92)
PHILIPPINES						
Manila Comp (2/1/85)	1274.61	1270.68	1256.22	(c)	1580.95 (11/6/92)	1083.01 (17/3/92)
SINGAPORE						
SES All-Singapore (2/4/75)	402.49	395.32	394.63	392.81	416.99 (21/1/92)	351.41 (21/10/92)
SOUTH AFRICA						
JSE Gold (28/9/78)	775.0♥	786.0	799.0	795.0	1327.00 (21/1/92)	746.00 (10/11/92)
JSE Industrial (28/9/78)	4363.0♥	4359.0	4369.0	4363.0	4689.00 (4/6/92)	3936.00 (19/10/92)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	690.79	697.41	(c)	(c)	697.41 (4/1/93)	459.07 (21/8/92)
SPAIN						
Madrid SE (30/12/85)	220.53	215.60	214.25	215.12	266.51 (28/2/92)	179.48 (5/10/92)
SWEDEN						
Affarsvarlden Gen. (1/2/37)	951.5	930.0	(c)	912.6	1014.50 (11/5/92)	639.00 (5/10/92)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	938.1	931.9	(c)	925.8	938.10 (5/1/93)	748.50 (8/1/92)
SBC General (1/4/87)	695.0	691.4	(c)	687.6	695.00 (5/1/93)	596.40 (26/8/92)
TAIWAN**						
Weighted Price (30/6/66)	3342.18	(c)	(c)	(c)	5391.63 (30/1/92)	3327.67 (28/12/92)
THAILAND						
Bangkok SET (30/4/75)	890.91	887.17	(c)	893.42	963.03 (5/11/92)	667.84 (19/5/92)
WORLD						
M.S. Capital Intl (1/1/70) $	495.7*	494.9	497.1	498.8	542.10 (7/1/92)	467.50 (8/4/92)
Euro Top-100 (26/6/90)	883.30	878.95	(c)	875.65	976.55 (25/5/92)	772.52 (5/10/92)

**Saturday January 2: Taiwan Weighted Price: (c), Korea Comp Ex. (c)
♥ Subject to official recalculation.
*Calculated at 15.00 GMT.

Base values of all indices are 100 except: Austria Traded, BEL20, HEX Gen., MIB Gen., CAC40, Euro Top-100, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable. † MIB General Index rebased at 1000 from 4/1/93.

TOKYO - Most Active Stocks

Tuesday, 5 January, 1993

	Stocks Traded	Closing Prices	Change on day
Isuzu Motor	9.7m	-8	338
Nippon Jutaki	4.9m	-10	308
Green Cross	2.5m	-30	1,260
Hitachi	2.4m	+2	758
Mitsumi Elec	1.9m	+30	1,140
NGK Spark Plug	1.9m	-5	910
Toshiba Corp	1.7m	+1	632
Meiji Milk Prod	1.6m	-23	857
Kawasaki Steel	1.6m	-2	275
Nippon Steel	1.6m	-4	289

..pm January 5

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1992 – 93 High	Low	Stock	Div.	Yld. %	P/ E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
15⅞	10⅛	AAR Corp	0.48	4.0	22	374	12⅛	12	12⅛	+⅛
28½	16	A L Labs A	0.18	0.7	159	411	26	25½	26½	-⅛
68¾	52⅝	AMP Inc	1.62	2.6	21	927	55¾	57⅞	58⅛	+⅝
80¼	54⅝	AMR				133171	67⅛	66⅝	66⅞	-¼
2⅛	1⅜	ARX			12	107	1⅞	1⅜	1⅞	
53½	30½	ASA	2.00	6.4	20	274	31⅜	31	31¼	+¼
34¼	28⅛	Abbott Lab	0.60	2.1	20	15142	30⅜	29¼	29⅝	-1⅛
13⅞	10⅜	Abitibi Pr	0.50	4.4		4z100	11¼	11¼	11¼	
11⅝	10⅛	ACM Gvt In x	0.36	3.3		294	10⅞	10⅞	10⅞	+0.36
10⅛	9	ACM GvOpp x	1.21	12.7		44	9½	9⅜	9½	
9¼	8½	ACM Gvt Sp x	0.86	9.6		120	9	8¾	8⅞	-⅛
11⅜	9⅞	ACM Gvt Se	1.01	9.5		63	10⅝	10⅝	10⅝	
10⅝	8⅝	ACM Man x	1.18	11.8		171	10⅛	10	10	-⅛
12⅞	8⅝	ACM Mangd x	0.78	8.9		267	8⅞	8¾	8¾	
11¾	4¾	Acme Cleve	0.40	4.9	16	6	8¼	8¼	8¼	
7⅜	3¾	Acme Elect			37	127	7	6⅞	6⅞	
33¼	14⅜	Acuson			11	793	15½	15⅜	15⅜	-⅛
21	18⅛	Adams Expr	1.62	8.1	1	96	20	19⅞	20	+⅛
49⅛	29½	Ad Micro	3.00	6.3		282	47½	46½	47¼	+¼
21½	7½	Ad Micro P	3.00	16.0		67025	18¾	17⅝	18¾	+1
9⅛	4⅞	Advest Grp	0.16	2.8	11	201	5⅝	5½	5⅝	-⅛
42¾	33	Aegon ADR	1.35	3.2	7	46	41⅝	41⅝	41⅝	+⅛
46¾	38	Aetna Lf	2.76	5.9	13	1382	46⅝	45⅞	46½	-⅛
12¾	8⅜	Affil A	0.24	2.0	16	682	12¼	11⅞	12⅛	+¼
34⅞	24	Aflac	0.44	1.3	15	455	u36	34¼	34⅜	-⅞
19½	13	Ahmanson	0.88	4.9		84862	18⅛	17¼	17⅞	-⅛
22½	4	Allean Inc			12	78	7⅜	7¼	7⅜	-¼
[illegible]										

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\- D -

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NYSE COMPOSITE PRICES

Continued from previous page

- X - Y - Z -

1992-93 High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
82¼	66½	Xerox	3.00	3.6	19	4206	u84½	82¾	83⅞	+1½
55	50½	Xerox4.125				z100	50	53	52	
44⅛	24⅞	Xtra 1.94	1.94	4.4		29	u44⅛	44⅛	44⅛	
64⅛	28½	Xtra Corp	0.80	1.3	18	224	u64¼	63⅜	63¼	−⅛
30⅝	25¼	Yankee Egy	1.66	5.7	13	60	29⅞	29⅜	29⅜	−⅜
1½	½	Zapata			40	340	⅞	13/16	13/16	
11⅛	5	ZenithElec			2	444	6⅛	5⅞	6⅛	+⅛
20	14½	Zenith Nat	1.00	4.9	9	156	u20¼	19⅞	20¼	+¼
7½	6	Zenix Inc	0.82	12.1		94	6¾	6⅝	6¾	+⅛
14⅛	10	Zero Corp	0.40	2.8	22	804	u14⅝	14¼	14½	+⅜
39⅜	27¾	Zurn Ind	0.88	2.3	43	70	38⅝	38	38	−⅜
14⅛	12	Zweig Fund	1.12	8.5		232	13⅛	13	13⅛	
11	9½	Zweig Totl	0.96	9.6		996	10⅛	9⅞	10	

Price data supplied by Telekurs

Yearly highs and lows reflect the period from Jan 1, excluding the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3 pm January 5

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
Blount A	0.45	40	159	13½	13	13⅜	
Bolar Ph		32	148	7	6¾	6¾	−⅜
Bow Valley		2	z100	7¼	7¼	7⅜	+¼
Bowmar		11	77	2⅛	2⅛	2⅛	
Bowne x	0.30	9	91	16¼	15¾	16⅛	
Brascan A	0.87	11	83	10½	10⅜	10½	−⅛
Cal Engy		19	616	17	16⅞	17	+½
Calprop		0	10	1⅜	1⅜	1⅜	
Can Marc	0.23	8	4	10⅝	10⅜	10¾	+⅛
Cambrx A	0.01	39	1056	6½	6⅜	6⅜	−⅛
Chambers		8	26	6⅞	6⅝	6¾	−¼
Champion		78	90	10⅜	10¼	10¼	−⅛
Fluke (J)	0.52	13	61	28¾	28	28¼	−⅜
Forest La		30	656	39¾	38½	38⅝	−1⅛
Frequency		23	30	4½	4½	4⅜	−⅛
Fr ofLoan		21	1325	48¼	47¾	48⅛	−⅛
Giant FdA	0.68	18	1362	22	21¾	22	
Glatfltr	0.70	12	391	18	17⅞	17⅞	
Goldfield			3	173	11/16	⅝	11/16	+1/16
Greenman		6	59	4⅝	4⅛	4½	
Gulf Cda	0.34	4	1028	3⅛	3	3	−⅛
Hasbro	0.20	18	1185	32⅝	32¼	32½	
Health Ch		23	235	2⅞	2¾	2⅞	+⅛
Mem Co		2	2	4⅞	4⅞	4⅞	−⅛
Moog A		6	62	6	6	6	
MSR Expl		2	10	15/16	15/16	⅞	
Nat Ptrnt		10	52	2⅞	2⅝	2⅝	−⅛
New Line		91	205	14¼	14	14	
NY TimesA	0.56	68	530	26¾	26⅜	26⅝	−⅛
NthCanOil	0.17	47	3	8⅝	8½	8½	−⅛
Numac O&G		2	10	4¾	4¾	4¾	+1/16
NV Ryan		0	32	⅝	½	⅝	+1/16
Odetics A		73	25	6	6	5⅞	
Oilsten	0.32	31	250	38⅝	37⅝	37⅝	−1¼
Pegasus G	0.10	30	487	14⅛	14	14⅛	+⅛
Perini	0.80	18	22	18⅜	18¼	18¼	
Pat Hl&P	1.14	11	7	17	17	16¾	
Phil LD	0.25	9	878	34⅞	34⅜	34⅞	+¼
Pitway A	1.10	18	117	u34¾	34½	34½	+⅜
Ply Gem	0.12	26	27	13	12⅞	13	
PMC x	0.72	17	160	13⅝	13⅜	13⅜	−⅛
UtdFoodsA		4	52	1¾	1⅝	1⅜	+1/16
UtdFoodsB	0.20	4	10	1⅞	1⅞	1⅞	−1/16
UnivPtnts		53	27	10½	10⅛	10⅛	−⅛
US Cellul		91	374	21⅝	21⅛	21⅛	−⅜
WangLab C		0	z100	1⅞	1⅞	1⅝	−⅛
WangLab B		0	426	1/16	⅜	1/16	+1/16
Weatherfd		115	226	5¾	5⅜	5¾	+⅛
Westamer	0.52	10	46	23½	23⅛	23⅛	
WIRET	1.12	17	129	12½	12¼	12½	+¼
Worthen	0.15	10	41	25⅝	25⅜	25⅝	−⅛
Xytronix			8	z100	7	7	7

NASDAQ NATIONAL MARKET

3 pm January 5

- V -

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
ValleyNat		82	2430	62⅝	61½	61¾	−⅞
Valmont	0.26	50	48	17¼	17¼	17¼	−⅛
Vngrd Cell		23	263	26½	25¾	25¾	−¼
Verifone		22	1359	21¼	20¼	21¼	+½
Vicor		35	4083	21¼	19½	20¾	+½
VicorpRst		24	92	24¼	23½	24¼	+¼
VLSI Tech		49	2160	8½	8¼	8⅜	
Volvo B	2.26	242	47	52	60½	61	+2

- W -

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
Wals Ex r	0.08	22	462	u23¾	22¾	23¾	+0.08
Warmtech		88	3607	u4⅛	3 15/16	4	+1/16
WashMutSB	0.56	10	3038	33	31⅞	32	−1
WashFedSL	0.88	10	296	27¼	26¾	26¾	−¼
WattsIndA	0.28	18	443	47½	46½	46⅞	−⅝
Wausau PM	0.28	16	525	41½	39½	41½	+1¼
WD-40 x	1.80	17	49	45¼	44	45	+1.56
Westek		4	621	6⅝	6⅜	6½	
West One x	1.04	12	295	u52¼	51½	51¾	−½
WstnPubA		22	1278	20⅞	20¼	20⅜	−¼
Wst SealA		16	128	7¼	6¾	7¼	+¼
Willmette	0.84	25	349	40¾	39¾	40½	+¾
WmSonoma		88	1028	13½	12½	13¼	+¾
Wiser Oil	0.40	479	74	14½	13⅞	14⅜	+⅛
Wolohan L	0.28	15	7	23	22½	23	+½
Wolv Expl		0	429	⅛	1/16	1/16	
WwExWt93A			140	1/16	1/32	1/16	
Wthington	0.48	24	837	23¼	22¾	23⅛	
WPP Group	1.11	1	1790	1 13/16	1⅞	1 11/16	+1/16
Wyman-Gdn	0.40	1	334	5½	5¼	5½	

- X - Y - Z -

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
Xilinx		27	2906	24¾	23¾	24¾	+¾
Xoma Corp		4	1626	10¼	9½	9⅞	−⅛
Yellow Fr	0.94	21	265	27⅞	27½	27⅞	+¼
York Rsch		7	788	7½	6¾	7⅜	+⅜
ZionsUtah	0.84	12	624	u78¼	76¾	76¾	+¾

AMERICA

Dow trapped in narrow range before jobs data

Wall Street

US share prices remained trapped in a narrow range yesterday as investors cautiously awaited Friday's key December jobs report, *writes Patrick Harverson in New York.*

At 1 pm the Dow Jones Industrial Average was up just 1.89 at 3,311.11. The more broadly based Standard & Poor's 500 was 1.18 lower at 434.20, while the Amex composite was down 1.31 at 396.04, and the Nasdaq composite 0.23 lower at 671.57. Trading volume on the NYSE was 142m shares by 1 pm, and rises outnumbered declines by 905 to 856.

For the second day, the market traded without a clear direction as investors struggled to find an incentive to buy stocks.

Although underlying sentiment remained positive – economic growth and corporate earnings are both forecast to improve this year – market participants were nervous that expectations of a New Year rally had become overblown, and that disappointment about the failure of the market to post a strong advance could trigger a sell-off in the coming days.

The absence of fresh economic data was also a factor, as was investors' wariness about committing large sums of money ahead of Friday's important employment report for December. Analysts are expecting the report to show a rise of about 80,000 in non-farm payrolls, and for the national unemployment rate to have remained steady at 7.2 per cent.

Philip Morris dropped $1½ to $74⅞ in volume of 2.3m shares and American Brands fell $⅝ to $39 following reports that Governor Mario Cuomo of New York was considering doubling the state tax on cigarettes.

IBM once again came under selling pressure, dropping another $⅞ to $49¼ in volume of 1.6m shares, as the price continued to reflect concern that the dividend payment may be under threat because of the computer group's financial difficulties.

The ADRs in News Corporation dropped $2⅞ to $37½ in busy trading on the news that Mr Jamie Kellner, the president of the company's Fox Broadcasting unit, had resigned. Mr Kellner is the fourth member of Fox's senior management to leave the company in recent months.

Chubb fell $2⅝ to $85⅝ after Mr Ronald Frank, an analyst at the broking house Smith Barney, downgraded the stock and issued a general warning about property and casualty stocks, which he believed have probably peaked in the short-term. Other stocks affected were AIG, down $3⅛ to $113, General Re, $2⅜ lower at $113⅝, and Continental Corp, down $⅝ at $26⅛.

On the Nasdaq market, Monday's declining technology stocks rallied. Intel climbed $2⅞ to $89¼, Oracle firmed $⅝ to $29¼ and Sun Microsystems added $1 at $34⅝.

Canada

TORONTO was barely changed at midsession as gold shares lost their early gains. The TSE-300 index stood just 0.03 lower at 3,350.9 in light volume of 19.3m shares valued at C$171m. Advances led declines by 214 to 208 with 227 unchanged.

Seven of the TSE's 14 sub-groups were higher, led by the metals index. Inco rose C$⅝ to C$29⅞ and Alcan Aluminium firmed C$¼ to C$23½.

Brazilian equities welcome political calm

But foreign investors are likely to be more circumspect in 1993, writes Bill Hinchberger

Brazil closed 1992 with a new president and a rise in share prices. But most traders are circumspect about predicting a return to the boom of late 1991 and early 1992, partly because foreigners are likely to be much more cautious this time around.

Large single day upswings were sandwiched around the Christmas holiday: the São Paulo stock exchange's Bovespa index gained 13.3 per cent on December 23 and 13.0 per cent on December 27 in turnover of about $100m a day. That movement was partly a reaction to a government decision to allow real price increases for Telebras, the state-owned telecommunications holding company that accounts for one-third of the index and generates about half of the market's daily trading volume.

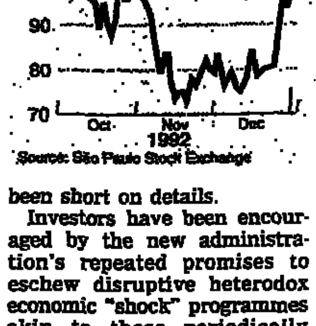
The upsurge also anticipated the removal from office of the president, Mr Fernando Collor de Mello, who resigned on December 29, just as his impeachment trial on corruption charges was about to begin in the senate. Having expected Mr Collor's demise, the Bovespa declined 1.4 per cent on the day he stood down.

The year-end rally greatly improved the monthly figures for the Bovespa, but was modest compared to the expectations held during the heady days before May when the political corruption scandal involving Mr Collor first came to light. In spite of a December jump of 19.2 per cent in dollar terms, the Bovespa closed the year showing a loss of 3.6 per cent, measured in the US currency. By contrast, during the first four months of 1992 the index had outdistanced the dollar by 65.7 per cent.

Traders seem content, if not completely satisfied with the early policy statements of President Itamar Franco and Mr Paulo Haddad, the planning minister. Official declarations have indicated a willingness to pursue economic reform and fiscal adjustment, with greater concern for social policy, even if they have been short on details.

Brazil

Bovespa Index in $ terms



Source: São Paulo Stock Exchange

Investors have been encouraged by the new administration's repeated promises to eschew disruptive heterodox economic "shock" programmes akin to those periodically imposed by Mr Collor and his predecessor, Mr Jose Sarney.

To some extent, the market has lapsed into a mildly optimistic "wait-and-see" attitude. Last Wednesday, when Mr Franco presented his economic policy to the nation, the Bovespa index rose 2.1 per cent, while on Monday, the first trading session after Mr Haddad had given details of some of the proposals, it put on a further 5.4 per cent.

"I do not think we have seen any reaction yet to the macro policy statements," says Mr George Rexing, director and head of foreign banking services for Banco de Boston, the local subsidiary of First National Bank of Boston. "That reaction will come from foreigners."

It was foreign capital that was primarily responsible for the market's surge in late 1991 and early 1992 following the decision in mid-1991 to allow overseas institutions to operate directly in Brazilian bourses. During the first four months of 1992, foreigners funnelled nearly $1bn in net investment into equities.

But this tailed off during the rest of the year, so that by the end of November, figures for all foreign capital market investment in Brazil showed a net inflow of just $1.9bn. The late-December surge was predominantly a local affair, with some foreigners jumping on the bandwagon.

Telebras, by far Bovespa's most heavily traded stock, closed 1992 at $17.73 for a 1,000-share lot, down from a high of $36.29 in April. It recovered steadily after the government announced that it would permit real increases in telecommunications fees, reversing initial indications from Mr Franco that public utility prices would be held down to fight inflation and make services more accessible to Brazil's poor majority. Telebras should continue to dominate trading in 1993, reflecting its liquidity and low price.

Nevertheless, other publicly owned utilities began to attract interest after the administration's decision to allow real increases in tariffs. The power company Eletrobras, for example, gained 14.2 per cent on Monday alone.

EUROPE

Firm dollar helps to lift continental bourses

A HIGHER dollar helped to lift several bourses yesterday, writes Our Markets Staff.

FRANKFURT's buyers found empty books and small-lot buyers of blue chips like Allianz, up DM39 to DM2,004, faced exaggerated share price mark-ups which left the DAX index 25.09, or 1.6 per cent higher at 1,556.42.

Turnover rose from DM2.3bn to DM4.1bn. Most of the big rises came in carmakers, retailers and steels, which had fallen on depressing news before Christmas. Volkswagen rose DM9.40 to DM251.90, Kaufhof by DM11 to DM423 and Thyssen by DM6 to DM164.50.

Some analysts were worried by the renewed interest rate speculation, since a forced interest rate cut by the Bundesbank might well be accompanied by a realignment of the franc to the further disadvantage of German industry.

PARIS shrugged off early weakness, caused by a sharp rise in overnight rates to protect the franc. The CAC-40 index hit an early low of 1,831.07 but recovered to close up 7.70 at 1,850.78, just off the day's high of 1,853.26, in good turnover of FFr1.9bn.

Rhône-Poulenc CI's jumped FFr23 or 4.4 per cent to FFr541 after the finance minister Mr Michel Sapin was reported as saying that shares in the state-owned chemicals company would not be sold off cheaply in the forthcoming partial privatisation.

Peugeot was another gainer, up FFr15 to FFr593, on news that its new car sales in France rose 25.7 per cent in December from the same month in 1991 and on better-than-expected car matriculation data for 1992.

MILAN rose in surprisingly active trading before today's holiday. Traders were excited by the news that the interministerial price committee had recommended the convertibility of savings shares into ordinary shares in public companies earmarked for privatisation, although the proposed ratio was not known. The Comit index rose 0.86 to 453.72 in turnover estimated at L150bn-L180bn after Monday's L143.7bn.

Credito Italiano, which is expected to be sold off soon, saw its savings shares fixed L222 or 12.7 per cent higher at L1,970. By contrast, its ordinary shares fell L89 to L3,180.

Fiat was active on renewed talk of an accord with a Japanese carmaker. The stock gained L5 to L4,130 but then rose to L4,280 after hours.

AMSTERDAM was boosted by a stronger financial sector while Ahold stood out with a gain of Fl 1.40 to Fl 91.30 on positive results from its wholesaling division. The CBS Tendency index closed 1.0 firmer at 96.5.

VNU put on Fl 1.40 to Fl 89.40 on good 1992 net profit figures while Elsevier firmed Fl 1.10 to Fl 121.90.

ZURICH saw CS Holding fall SFr70 to SFr2,100 amid speculation that Crédit Suisse, Switzerland's third largest bank and CS Holding's main asset, could take over Swiss Volksbank. Volksbank has been suspended at its own request pending an announcement today.

Other stocks rose on lower interest rates and a firm dollar, Nestlé bearers putting on SFr15 to SFr1,165. The SMI index closed 10.8 higher at 2,128.5.

MADRID advanced on the prospect of lower German interest rates and the general index closed 4.93 higher at 220.53. Turnover was strong at Pta13bn. Endesa gained Pta215 or 5.7 per cent to Pta3,990.

STOCKHOLM rose in an active but shortened session ahead of today's holiday. The Affärsvärlden general index added 21.5 to 951.5 in turnover of SKr494m.

Volvo's B shares climbed another SKr15 to SKr373, aided by the firm dollar and figures which indicated that its US sales rose 50 per cent in December. Astra A shares advanced SKr13 to SKr765, an all-time high. The dollar contributed to the 4.9 per cent rise in the forestry sector.

OSLO soared 3 per cent, helped by the dollar and hopes of lower interest rates. The all-share index climbed 11.43 to 390.81 in turnover of NKr306.8m.

HELSINKI extended its 1993 gains to 7.1 per cent, the Hex index closing 37.5 or 4.4 per cent higher at 887.6.

BRUSSELS was lifted by positive sentiment elsewhere and the Bel-20 index finished up 13.07 or 1.2 per cent at 1,138.53.

VIENNA regained some of Monday's losses, encouraged by neighbouring markets. The ATX index rose 13.31 to 736.33 with OMV up Sch25 to Sch615.

FT-SE Actuaries Share Indices

January 5 — THE EUROPEAN SERIES

Hourly changes†	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1086.84	1087.43	1087.60	1089.79	1090.41	1090.79	1090.05	1090.07
FT-SE Eurotrack 200	1177.46	1177.01	1178.79	1182.31	1184.46	1182.76	1179.63	1180.16

	Jan 4	Dec 31	Dec 30	Dec 29	Dec 24
FT-SE Eurotrack 100	1083.42	1083.35	1084.02	1086.47	1078.93
FT-SE Eurotrack 200	1174.71	1169.11	1166.76	1167.59	1160.29

Base value 1000 (26/10/90) High/day: 100 - 1091.31, 200 - 1184.87 Low/day: 100 - 1086.49 200 - 1176.59.

ASIA PACIFIC

Nikkei weakens as Hong Kong jumps 2 per cent

Tokyo

LACK OF fresh news and low volume in the first week of trading after the new year holiday left share prices weak, *writes Bethan Hutton in Tokyo.*

The Nikkei average closed 151.50 down at 16,842.58. The day's high of 17,013.34 came shortly after the opening, and the index fell to a low of 16,688.47 in the early afternoon.

Volume, at 160m shares, remained at the low level set by Monday's half-day 80m. Declining stocks outnumbered gainers by 667 to 202, with 160 issues unchanged. The Topix index of all first section stocks slipped 7.68 to 1,298.13, and in London the ISE/Nikkei 50 index eased 0.39 to 1,058.46.

Weak futures prompted arbitrage program-selling in the morning, and downward pressure continued in the afternoon following reports that the Finance Ministry would not allow investment trusts to postpone the redemption of Y2.8 trillion (million million) worth of funds which are likely to mature below their purchase price later this year.

Brokers are not expecting the market to pick up significantly until later in the year, but support buying from public pension funds, which are expected to return to the market later this week, could provide a temporary boost.

Mr Ueki Yasuo, general manager of Nikko Securities' equities operations group, said the market would be pulled down by outstanding levels of tokkin funds and investment trust funds in the short term, but that those factors would be outweighed by buying by public pension funds and foreign investors. He predicted a range of 16,000 to 24,000 for the Nikkei during 1993, with the lower level prevailing in the early part of the year.

Mr Chris Newton of James Capel said: "There is no obvious technical level of support until we reach 16,000. If we breach 16,000 I would think we would see fairly hefty buying coming from pension funds and also probably from foreigners, who in the main are convinced that 16,000 is around the bottom."

Isuzu Motors was the most actively traded stock for the second day running, declining Y6 to Y338 on rumours about management changes. Nippon Housing Loan hit a high of Y327 in active trading before falling back to Y308, down Y10 on the day on profit-taking.

Mitsumi Electric climbed Y30 to Y1,140 on the expectation of growth in component exports to the US as its economy recovers, and on news that Mitsumi is supplying components to game software companies. Nippon Steel shed Y4 to Y289 in arbitrage-linked selling.

In Osaka the OSE average finished 159 off at 18,424 in volume of 18.9m shares.

Roundup

TRADING IN the Pacific Rim was active for the time of year.

HONG KONG finished 2 per cent higher on US buying. The Hang Seng index jumped 110.23 to 5,548.03 in turnover of HK$1.71bn, up from Monday's 12-month low of HK$956m.

Brokers said sentiment was boosted by an interview with Governor Chris Patten in Monday's London Evening Standard which suggested that there could be a compromise regarding his democratic reform proposals for the colony.

SINGAPORE soared on foreign buying of blue chips, and dealers forecast further rises to test the all-time high of 1,607.12 set in March 1990. The Straits Times Industrial index closed 31.24 ahead at 1,562.35, the highest level since June 1991 when it hit 1,565.58. Volume was an active 156.82m shares.

KUALA LUMPUR finished lower after a heavy fall in Multi-purpose group shares sparked selling across the board. The composite index lost 1.94 at 630.89 in volume of 84.3m shares, compared with Monday's 72.4m.

Multi-purpose and its associates fell on a lack of news about approval from China to start a gaming venture there. Dunlop Estates dropped M$1.50 to M$6.40 and Magnum was down 35 cents at M$8.20. Multi-purpose shed 21 cents to M$1.69 in volume of 12.63m shares.

TAIWAN reversed early gains to end lower on this year's first day of trade. Political worries ahead of a cabinet reshuffle, expected by early February, weighed on prices.

The weighted index, more than 30 points higher at one stage, ended 34.88 down at 3,342.18 in moderate turnover of T$8.7bn.

SEOUL retreated on profit-taking after Monday's sharp gain. The composite index dipped 6.62 to 690.79 in turnover of Won667.62bn.

Construction issues were higher on hopes of a planned relaxation of government restrictions on property development. Hyundai Engineering and Construction finished the day's limit up, gaining Won800 at Won19,000.

AUSTRALIA ran into a late burst of profit-taking after opening sharply ahead. The All Ordinaries index closed at 1,564.8, up 4.3 but after touching 1,574.7, in turnover of A$454.7m. BHP dragged the market down in late selling, losing 4 cents to A$13.56.

NEW ZEALAND rose in the first trading session of the year, the NZSE-40 index adding 16.59 at 1,583.43 in NZ$18.5m turnover. Fletcher Challenge advanced 15 cents to NZ$2.60.

SOUTH AFRICA

GOLD shares continued to weaken, with the index ending down 11, or 1.4 per cent, at 775, while the overall index lost 4 to 3,249. Industrials went against the trend with a rise of 4 to 4,363. Among gold issues, Kloof fell R1 to R24.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	MONDAY JANUARY 4 1993								THURSDAY DECEMBER 31 1992					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM' Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1992/93 High	1992/93 Low	Year ago (approx)
Australia (68)	125.56	+0.4	123.90	99.45	106.83	122.27	+1.0	3.97	125.12	122.52	98.74	105.35	121.00	153.68	108.18	153.68
Austria (18)	132.97	−5.1	131.21	105.32	113.13	113.14	−3.6	2.16	140.16	137.25	110.61	118.01	117.39	186.70	132.97	168.61
Belgium (42)	131.19	−1.5	129.45	103.90	111.61	109.19	−0.1	5.24	133.23	130.46	105.13	112.17	109.24	152.27	131.19	145.19
Canada (113)	*115.13*	*−0.4*	*113.60*	*91.18*	*97.94*	*106.54*	*+0.1*	*3.19*	*115.64*	*113.24*	*91.26*	*97.38*	*106.47*	*142.12*	*111.36*	*138.20*
Denmark (33)	185.11	−0.5	182.65	146.61	157.49	159.80	+0.6	1.71	186.12	182.26	146.89	156.71	158.84	273.94	181.70	272.49
Finland (15)	68.88	−1.1	67.97	54.56	58.60	78.13	+2.3	1.81	69.61	68.17	54.94	58.61	76.41	89.80	52.84	80.13
France (99)	144.33	−1.9	142.42	114.31	122.79	126.61	−0.7	3.56	147.18	144.12	116.14	123.91	127.55	168.75	136.93	152.33
Germany (62)	102.20	−1.8	100.85	80.96	86.95	86.95	−0.7	2.62	104.04	101.88	82.12	87.60	87.60	129.69	102.20	119.44
Hong Kong (55)	218.82	−1.2	215.92	173.31	186.18	217.48	−1.2	4.12	221.56	216.96	174.85	186.55	220.21	262.28	176.36	177.22
Ireland (16)	139.28	+2.6	137.43	110.31	118.50	122.20	+3.7	4.48	135.78	132.96	107.16	114.32	117.88	173.71	122.98	171.85
Italy (76)	53.96	−1.7	53.25	42.74	45.91	61.28	+1.5	3.39	54.87	53.73	43.30	46.20	60.38	80.86	47.47	75.56
Japan (472)	104.50	−0.5	103.12	82.77	88.92	82.77	−0.1	1.02	105.03	102.85	82.89	88.44	82.89	140.95	87.27	140.95
Malaysia (69)	258.84	−1.0	255.41	205.00	220.22	259.69	−1.4	2.55	261.46	256.04	206.34	220.14	263.38	282.42	212.49	215.69
Mexico (18)	1647.91	+0.0	1626.07	1305.21	1402.06	5621.41	+0.0	1.07	1647.91	1613.72	1300.52	1387.50	5621.41	1789.77	1185.84	1417.36
Netherland (25)	150.66	−0.5	148.66	119.33	128.19	126.49	+0.6	4.50	151.40	148.26	119.48	127.48	125.69	169.70	147.88	155.45
New Zealand (13)	42.76	−0.3	42.19	33.87	36.38	44.31	+0.0	5.03	42.89	42.00	33.85	36.11	44.31	48.52	37.39	48.52
Norway (22)	138.82	+0.8	136.98	109.95	118.11	131.47	+1.7	1.83	137.71	134.85	108.68	115.95	129.30	192.95	128.05	188.54
Singapore (38)	212.10	−0.6	209.29	167.99	180.46	161.42	+0.1	2.04	213.36	208.94	168.39	179.64	161.30	229.63	179.65	222.61
South Africa (60)	144.88	−2.2	142.96	114.75	123.26	156.72	−0.3	3.25	148.10	145.02	116.88	124.69	157.15	263.60	134.21	253.70
Spain (47)	115.23	−1.2	113.71	91.27	98.04	101.62	+0.4	5.97	116.61	114.19	92.03	98.18	101.20	161.72	107.10	155.90
Sweden (31)	165.90	+0.2	163.70	131.40	141.15	176.46	+1.8	2.23	165.56	162.12	130.66	139.40	173.34	200.28	149.69	181.99
Switzerland (56)	112.71	−0.3	111.21	89.27	95.90	103.38	+0.7	2.07	113.01	110.66	89.19	95.16	102.67	122.37	95.99	103.50
United Kingdom (226)	172.18	−0.1	169.90	136.36	146.48	169.90	+0.7	4.36	172.36	168.78	136.01	145.11	168.78	200.07	161.86	186.29
USA (522)	177.91	−0.1	175.55	140.92	151.38	177.91	−0.1	2.87	178.10	174.40	140.56	149.96	178.10	180.05	160.92	170.29
Europe (768)	134.98	−0.8	133.19	106.91	114.85	125.26	+0.3	3.77	136.01	133.19	107.34	114.53	124.85	156.88	131.31	149.23
Nordic (101)	*148.32*	*+0.0*	*146.35*	*117.48*	*126.19*	*141.13*	*+1.5*	*2.05*	*148.29*	*145.22*	*117.03*	*124.86*	*139.09*	*188.52*	*141.24*	*187.09*
Pacific Basin (715)	109.15	−0.5	107.71	86.46	92.87	88.24	−0.2	1.37	109.71	107.44	86.59	92.38	88.38	141.97	93.70	141.97
Euro – Pacific (1483)	119.60	−0.6	118.02	94.72	101.75	103.02	+0.1	2.47	120.35	117.86	94.98	101.33	102.96	145.21	113.80	145.21
North America (635)	174.02	−0.1	171.71	137.85	148.08	173.07	−0.1	2.89	174.22	170.61	137.51	146.72	173.24	176.04	158.70	168.24
Europe Ex. UK (542)	112.96	−1.2	111.47	89.49	96.13	101.18	+0.1	3.32	114.39	112.02	90.30	96.34	101.10	132.98	111.33	126.95
Pacific Ex. Japan (243)	154.82	−0.6	152.77	122.64	131.74	143.77	−0.3	3.70	155.69	152.46	122.89	131.10	144.22	175.31	146.06	151.97
World Ex. US (1674)	120.68	−0.6	119.08	95.59	102.68	105.07	+0.1	2.48	121.45	118.93	95.85	102.26	105.01	146.91	115.99	146.91
World Ex. UK (1970)	135.89	−0.4	134.09	107.64	115.63	123.32	−0.1	2.45	136.49	133.66	107.73	114.93	123.44	150.58	127.21	150.58
World Ex. So. Af. (2136)	139.11	−0.4	137.27	110.19	118.37	127.10	+0.0	2.65	139.66	136.76	110.23	117.60	127.11	153.05	130.04	153.05
World Ex. Japan (1724)	158.57	−0.4	156.47	125.60	134.93	153.43	+0.0	3.21	159.16	155.86	125.82	134.03	153.38	165.40	151.93	161.90
The World Index (2196)	139.04	−0.4	137.19	110.13	118.30	127.40	+0.0	2.65	139.60	136.71	110.18	117.55	127.42	153.70	130.66	153.70

Constituent change with effect 8/1/93: Deletion: Enso-Gutzeit A (Finland). **Please note**: Kone A (Finland) will not be included as previously announced.
New Zealand market closed 4/1/93.